

FINANCIAL TIMES

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CZECH REFORM

Time-bomb ticks away under Prague

Page 20

Table with exchange rates for various countries including Australia, Canada, France, Germany, etc.

World News

Death toll in China earthquake reaches 600

The death toll from an earthquake in China on Sunday has climbed to more than 600, state radio said.

Minister resigns: Tassos Sotiropoulos, Greece's Public Order Minister, resigned yesterday following the disappearance of George Koskotas.

Maldives ship hailed: Indian navy is taking a second ship suspected of carrying mercenary gunmen fleeing from an unsuccessful attempt to overthrow the Government of the Maldives.

Canada poll reaction: Canadian financial markets reacted sharply to the publication of an opinion poll giving the Liberal Party a commanding 12-point lead.

Israeli reform call: President Chaim Herzog of Israel urged the formation of a broadly based government charged with reforming the country's electoral system.

S Africa detentions: About 1,500 people were being held without trial in South Africa, the Detainees' Parents Support Committee said.

Jail stormed: Twelve Sri Lankan prisoners died when police commandos stormed a Colombo jail whose 1,500 inmates overpowered warders and started fires.

Iran-UK talks: A senior official of Iran's Foreign Ministry said yesterday for talks with British envoys on restoring full diplomatic relations between the two countries.

France train crash: A Luxembourg-Paris express train struck a maintenance wagon at a village station 140km east of Paris, killing nine people.

Green Line crossed: Four Turkish Cypriot politicians crossed the fortified Green Line dividing Cyprus for a rare visit to the Greek-Cypriot south.

Toxic experts meet: Experts from 50 countries met in Geneva on Monday to draft an international treaty to control the disposal of toxic waste and prevent its illegal dumping on Third World countries.

Pro-Basque freed: Spanish ultra-rightists freed a pro-separatist Basque politician after holding him for three days and cutting their group's initials on his chest with a knife.

Haitian 'poisoned': Colonel Jean-Claude Paul, 49, once powerful Haitian army colonel indicted in the US on cocaine trafficking charges, died of suspected poisoning.

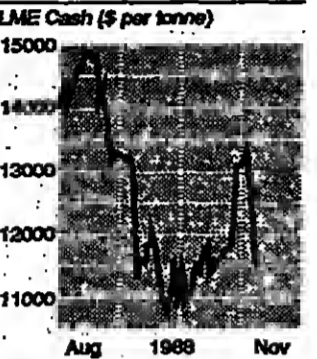
Business Summary

Banks plan analysis of exchange market

MOST detailed analysis of the foreign exchange market yet seen is planned by a number of the world's central banks, including the Bank of England.

Nickel

NICKEL prices came under pressure from belated profit-taking by merchants and state-bull liquidation after



stocks in LME warehouses rose by 335 tonnes - more than had been expected. Cash metal fell by \$1,000 to close at \$11,450 a tonne.

HONG KONG subsidiary of Cable and Wireless, the UK-based telecommunications group, plans to raise HK\$40m (US\$51m) next month through an international share offering.

MOORE, the troubled Texas bank holding company which announced last month that it would be seeking for large-scale assistance from the US Government, appears to have won a crucial victory in its struggle to retain some control over its future.

DAIMLER-BENZ won approval from the West German Cabinet to take a 30 per cent stake in aerospace group Messerschmitt-Bölkow-Blom, earlier report, Page 3

EJLB NABISCO \$20m-plus takeover bid intensified as signs emerged of a possible split between some members of the RJR board and the senior managers who have been trying to buy the giant tobacco and foods group, Page 22

FISHERY Products International, the largest foreign supplier of frozen seafood to the US, has reported a sharp downturn in third-quarter income due to low cod prices and adverse currency fluctuations, Page 22

LAWSON MARDON, the Canadian-based packaging group which has substantial interests in Europe, reported third quarter figures showing after-tax profits 84 per cent up at \$34.5m (US\$12m), Page 22

SYDNEY Futures Exchange expects increased US trading in its contracts following a landmark decision by the Commodity Futures Trading Commission (CFTC), the US futures regulatory body, Page 27

SOCIETE Generale de Belgique, the Belgian holding company which has a group of shareholders in Vieille-Montagne, the Belgian zinc producer, have had contacts on the possible sale to La Générale de Vieille-Montagne stock, La Générale said, Page 24

VALEO, France's leading car components group, threw in the towel and cutting their group's initials on his chest with a knife, the politician's relatives said, Page 24

SAINT GOBAIN, the French privatised glass and packaging group, has acquired a 3 per cent stake in Essilor, the French optical glass company, Page 24

Size of Bush victory is the only doubt for pollsters

THE US goes to the polls today with Republican Vice President George Bush favoured to win the presidential election and succeed Mr Ronald Reagan in the White House, writes Lionel Barber in Washington.

increase its majority in both houses of Congress in today's House and Senate races, thereby providing an important source of opposition for a prospective Bush presidency.

between 5 and 9 points. But the Post/ABC poll - one of the biggest to date - re-interviewed some 8,000 likely voters and allowed for a state-by-state assessment of the candidates' strength.

Japanese reconsider plans for European motor assembly plants

By Guy de Jongh and Kevin Done in London

LEADING Japanese motor manufacturers are rethinking plans for investing in European assembly plants in the face of growing uncertainties about conditions in the European Community's planned single market and hostile reactions from the local motor industry.



V. P. Singh: public accusation

Rival says Gandhi took arms deal money

By K. K. Sharma in New Delhi

MR RAJIV GANDHI, India's Prime Minister, has been accused of corruption and sacking away foreign exchange in a secret numbered bank account in Switzerland.

Pillsbury plans to split business in bid defence

By James Buchan in New York

PILLSBURY, the Minneapolis food and restaurant group which is battling a \$5.2bn takeover bid from Grand Metropolitan of the UK, wants to split its business in two and go heavily into debt in a bid to win shareholders' loyalty.

The company, which has been struggling with declining earnings and poor morale for two years, said yesterday it would spin off its troubled Burger King fast-food business and borrow against its assets to pay special dividends of "significant immediate value to shareholders."

Some analysts surmised that Pillsbury does not want to prejudice the battle it is waging against GrandMet in the courts. A Delaware state judge is due this week to rule whether a Pillsbury corporate by-law, known as a "poison pill", is being used unfairly against the UK group.

Continued on Page 20

UK Government plans radical shake-up in television industry

By Raymond Snoddy and Richard Evans in London

THE BRITISH Government yesterday unveiled radical proposals for the deregulation and restructuring of the commercial television industry aimed at increasing choice and competition.

new Channel 5, due to begin broadcasting in 1993, will be a national channel. At the same time the launch of local television stations based on either cable or microwave broadcasting will be given the go-ahead and two new direct broadcasting by satellite (DBS) channels will be advertised in January.

THE INSIDER'S GUIDE TO EUROPE. With 94 destinations, Air France flies to more places in Europe than any other airline. Includes list of cities like Aberdeen, London, Paris, etc.

MARKETS: Tokyo Nikkei Average 28500, Sterling New York lunchtime \$1.77675 (1.788), Stock indices New York lunchtime Dow Jones Ind. Av. 2,124.47 (-21.33)

CONTENTS: Economic reforms test Diouf's rule in democratic Senegal, Portugal Opposition party founders in search of a leader, Middle East: Egypt fights to revive Arab arms venture

Table with various market indicators and news snippets: Europe 2.3, Agriculture 48, Financial Futures 44, Raw Materials 21, etc.

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EUROPEAN NEWS

RED SQUARE PARADE CONFIRMS THE DOMINANCE OF GORBACHEV

Moscow scales down the military

By John Lloyd in Moscow

IN A LAND where symbols retain their importance and force, the symbolism of yesterday's Red Square parade to mark the 71st anniversary of the Bolshevik revolution of 1917 was designed to reassure the world outside and enthrone the Soviet citizen. These twin aims met their apotheosis in a banner, carried with pride, which proclaimed the virtues of cost accounting.

The traditional elements took priority, of course. It snowed from an iron sky, and grew colder as the morning wore on. Posters covered the neo-gothic facade of the GUM department store, facing the Lenin mausoleum, and the Kremlin. This year, however, they were said to be relatively modest: a vast banner of Lenin in the centre - "looking more human", as Tass later pointed out - and next to it, a slightly

SEVERAL HUNDRED students in Warsaw yesterday tried to celebrate the anniversary of the October Revolution by symbolically "storming" department stores in the city centre which for the purposes of the exercise had been dubbed "the Winter Palace," writes Christopher Bobinski. Police, however, nipped the coup in the bud by arresting dozens of would-be revolutionaries, confiscating a cardboard model of the cruiser Aurora which fired the first shots in Leningrad, and detaining "the Russian royal family". One of the students, Mr Rafal Szymczyk, achieved the distinction of being the first person in Poland since the war to be arrested for carrying a portrait of Lenin at the head of a group of demonstrators chanting "Revolution, Revolution".

smaller flag with the word perestroika.

As the politburo filed out to the mausoleum's reviewing gallery, it was apparent that Mr Mikhail Gorbachev and Mr Nikolai Ryzhkov, the Prime Minister, were some yards ahead of the rest of the ruck. That was headed by the former politburo number two, Mr Yegor Ligachev, who seemed

to dawdle his way to the front. He did not stand beside Mr Gorbachev, who had Mr Ryzhkov and Mr Lev Zaikov, the Moscow party leader, next to him. This symbol appeared to point to an underscoring of a demotion. Before them, General Dimitri Yazov, the Defence Minister, and General Konstantin Kochev, the parade commander,

swept about the ranks of right troops in big grey convertibles. Gen Yazov then took the podium in front of the mausoleum to deliver a speech which gave military endorsement to the new line on international relations pioneered by Mr Gorbachev and Mr Eduard Shevardnadze, the Foreign Minister. The general said that "the new political thinking, based on the priority of common human interests... finds ever-growing understanding and support among the world public and leaders of many states." He also talked of a "reasonable sufficiency" in armaments, indicating that the Soviet Union no longer wished to demonstrate aggressive intentions. A reasonable sufficiency of armaments then followed the columns of cadets and troops past the mausoleum. However, Western observers noted a



Soviet paratroopers turned their heads in salute at yesterday's Red Square parade

drop in two (from 17 to 15) in types of weaponry, and that nothing new was unveiled. There followed eight-deep columns of young blue-tracked standard bearers, leading in a parade of Muscovites weaving flowers and walking beside motorised placards proclaiming perestroika and glasnost, and even - the accountants' delight - self-financing

or cost accounting. The representatives of Moscow's Kuntsevo district produced a banner which claimed that "the output of machines which are on a par with world level went up in Moscow from 27 to 40.6 per cent in the past year." Another announced itself as the banner of a co-operative which successfully manufactures low

voltage instruments - a plant whose workers took it on lease after its liquidation a year ago. Later, back in the warmth of the Kremlin, Mr Gorbachev told a reception for senior party and state officials, foreign dignitaries and ambassadors that "the country has started moving forward towards a socialism worthy of our ideals."

Romanians face seventh winter of heat curbs

By Judy Dempsey in Vienna

THE ROMANIAN authorities, in what is now regarded as an annual concerted campaign, have issued instructions to already hard-pressed consumers and enterprises again severely restricting the use of heating and hot and cold water this winter.

The decree, published in Scintela, the Communist party daily newspaper, states that blocks of flats attached to central heating stations will receive 4 1/2 hours heating a day and an extra half-hour on Sunday. It will be restricted to short bursts during the early morning, mid-day and for two hours in the evening.

"Non-productive" units, such as offices and schools and presumably hospitals, will be allowed four hours' heating but will be encouraged to make use of "natural light."

Some concessions have been made for the coldest months, when the heating quota will be increased by one hour. This is the seventh consecutive year in which Romanians have had their energy supplies strictly rationed.

Last winter was exceptionally mild in many parts of Eastern Europe, but recent reports from Bucharest say a spell of cold weather has already set in, and fresh fruit, vegetables and meat are again in short supply.

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Portugal's opposition seeks director, drive and direction

Diana Smith in Lisbon reviews the Socialists' disarray and difficulties after the abrupt resignation of their leader

PORTUGAL'S Socialist Party is disheartened, confused and carefully looking around for a new leader after last month's abrupt resignation of Mr Vitor Constancio, the low-key economist who headed the party for two years.

The Socialists are floundering - they have been unable to present a cohesive strategy in opposition and have been undecided about the image they would like their leader to project. Speaking last weekend, Mr Constancio cited a "lack of support" as the reason for his departure.

Mr Constancio had difficulty running a party that had been the fiefdom of the charismatic Mr Mario Soares, founder in exile of Portugal's Socialist Party in 1975, three times Prime Minister between 1976 and 1985 and high-profile leader of a party that like him, graduated over a decade from fiery Marxism to middle of the road democratic socialism.

When Mr Soares became President of the Republic - and by his own claim, President of all the Portuguese not merely the Socialists - in 1986, the Socialists sought a

politically-sensitive technocrat rather than pure politician as its new leader.

They believed that Mr Constancio - who had won plaudits for his solid work as Finance Minister and Portugal's first negotiator for EC membership in 1978, and as 1984-86 Governor of the Bank of Portugal - would be a powerful antidote to the self-assured new leader of the ruling Social Democrats (PSD), Mr Anibal Cavaco Silva.

Also an economist, a former Finance Minister, and long-time employee of the bank of Portugal, Mr Cavaco Silva brandished macroeconomics and his administration's unique expertise (in his view) in this field as the PSD's great trump card.

The Socialists, determined to recover ground after two electoral defeats had pushed them from their traditional 33-36 per cent of the vote to 20-24 per cent, saw Mr Constancio as a gentler but highly skilled master of macroeconomic jargon, fit to rattle the Social Democrat leader.

It did not work that way. Mr Constancio's quiet, careful economic reasoning rarely made



Mr Vitor Constancio (left) finding few footholds in Portugal's Socialist Party, founded by Mr Mario Soares (right)

itself heard above the din of PSD self-praise. Failing to dent the PSD juggernaut, he also failed to impress some of his own Socialist colleagues who dreamed of more aggressive leadership.

The Socialists grew factions, joining the ranks of parties to the right or left of the PSD in search of relevance and thereby they undermined the motivation of their party in opposition.

A weakened Socialist Party shifted the balance of real opposition from Parliament to management confederations and trade unions.

These bodies have become the most conspicuous critics of the government since inflation swerved wildly off the target predicted by Mr Miguel Cardillo, Portugal's most self-assured Finance Minister in 30 years. He promised that inflation would fall to 5 per cent

this year, but in September the rate stood at 11 per cent year on year. Septicism about official projections and capabilities has led management confederations and unions to hint they are not interested in signing a 1989 price-wage agreement with the government.

They consider that they were led up the garden path in 1988 by Mr Cardillo, who first got his inflation prediction wrong and then refused to honour a wage-price agreement signed in 1987 which provided for readjusted wage increases if inflation exceeded targets. With the finance minister now insisting 1989 inflation will be 5 or 6 per cent - while the EC already forecasts 7 per cent - and upward pressure on prices continues intense, Portugal's businessmen and trade unionists are talking tougher than the politicians.

In the political camp meanwhile, the Socialists are not the only party in search of an effective tone of voice that can persuade voters in the 1989 local government and European parliament elections that Portugal is not doomed to slide into neo-Mexican one party

hegemony. To the right of the PSD, the Christian Democrats have regained their former leader, Mr Diogo Ferreira do Amaral who lost the presidential election to Mr Soares in 1986. He, however, has not found a new set of muscles to fight off PSD inroads into its support bases.

Polis indicate that if an election were held tomorrow, the Christian Democrats would be lucky to get 3 or 4 per cent - a mighty crash from its 12-14 per cent share a few years back. On the left, the hardline Communists are floundering in the ripples of Soviet glasnost and perestroika. For the first time, the stern leadership of the doggedly Stalinist 75-year-old Mr Alvaro Cunhal is contested by young Communists.

The Communist Party shows signs of deep difficulty in handling the threat of real party internal democracy. It has held on to 10-11 per cent of the vote for years, but its parliamentary voice has become hoarse from the repetition of old formulas. Also its talent for the street theatre - that gave Portugal the jitters from the 1976 revolution - is fading

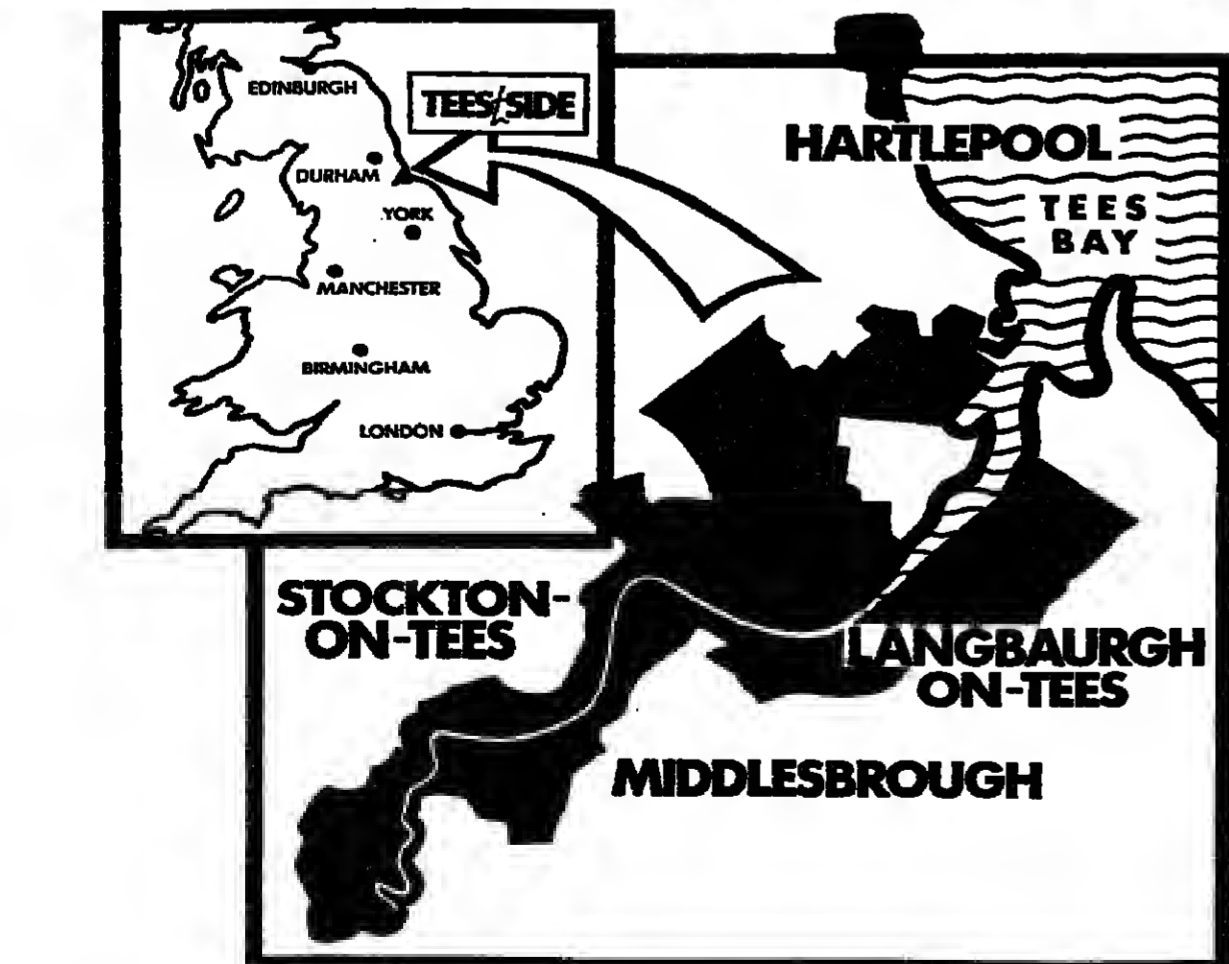
fast and losing its natural audience as workers dream more of their own car, house and video recorder than of the dictatorship of the proletariat.

All that leaves Mr Silva in an interesting position. He has his own party - once Portugal's most querulous political body prone to gleefully savaging its own leaders for esoteric reasons - in a disciplinary grip where a whiff of dissidence can bring on a bad case of ostracism. He has no one on the opposition benches ready to box with him.

But the Confederations of Industry, Agriculture and Commerce, the General Confederation of Workers and the General Union of workers are not having leadership problems and are not answerable to PSD discipline.

For now - until political parties find a new tuning fork and new choirmasters, Mr Cavaco Silva has more to worry about from the people he and many of his ministers prefer to call "economic agents," than from the political heartland. The 1989 local elections will show how much effect economic agents have on the ballot boxes.

TEES/SIDE DEVELOPMENT CORPORATION Initiative



Within a few months of becoming operational Teesside Development Corporation has acted as the catalyst to speed and implement a host of new initiatives. Initiatives that will enhance the industrial, business, social and cultural environment of Teesside. Initiatives in which powerful partners from the private sector are already participating. Initiatives which still offer outstanding development and investment opportunities. Among them -

- At Harlepool - the most important water-based leisure and living attraction on the North East Coast
- Tees Offshore Base - a world centre of excellence in subocean technology to exploit deep-sea mineral resources **LAUNCHED**
- Teesside Park - a new runner at the old Stockton racecourse, an £80 million retail, leisure, sports and conference centre **LAUNCHED**
- Teesdale - an investment of over £110 million in a high quality urban mix of first class offices, residential areas and shops, in a landscaped setting
- Britannia Park Enterprise Zone - one of Teesside's two EZ's, now being enhanced with new factories and infrastructure **LAUNCHED**
- The European Chemical Centre - creating the finest concentration of chemical businesses in the world **LAUNCHED**
- Middlehaven - a redevelopment of Middlesbrough Docks to create a high quality residential, business and leisure centre
- Langbaugh Motor Sport Park - an exciting road and track based facility for a variety of two- and four-wheeled sports **LAUNCHED**
- Teesside International Nature Reserve - opening up and expanding an existing world stature estuarine wildlife sanctuary
- Tees walkway and weir - providing pleasant access to a tide-free river frontage

'We are setting out once again to be ahead of our time...'

EUROPEAN NEWS

EC deeply divided over banking reciprocity

By David Buchan in Brussels

EUROPEAN Community finance ministers yesterday demanded that the European Commission produce a clearer definition of the foreign reciprocity conditions it wants to attach to EC banking liberalisation.

to bring the Commission around to their way of thinking by the time ministers meet on December 13 to consider again its Second Banking Directive.

Several northern countries, including the UK, West Germany, Luxembourg and the Netherlands are, as Mr Hans Eismayer, the Bonn Finance Secretary, said yesterday, "very sceptical about the principle and practice of reciprocity" in international banking.

ence that Brussels would seek varying forms of national treatment for EC banks. Thus, in Switzerland, EC banks should be able to compete with local banks in practising "near universal" banking, while in the US EC banks would have to respect local rules fragmenting the geographical scope and nature of banking.

sure came into force, any change in the ownership of such banks could trigger reciprocity provisions. This would apply to the current owners of the banks, not the banks themselves.

Bonn budget deficits narrow as growth exceeds expectations

By David Marsh in Bonn

BETTER THAN expected economic growth in West Germany is helping to reduce the federal budget deficit this year and next to below the levels forecast in the summer, according to Mr Gerhard Stoltenberg.

and local governments, would be around DM56bn this year, 2.3 per cent of gross national product, sinking to DM44bn-DM48bn next year, or 2 per cent of gross national product.

downward realignment of the French franc against the D-Mark has revived recently on the foreign exchanges. France and West Germany agreed at the two governments' latest six-monthly consultations last Friday on the need to maintain current EMS exchange rates, he said.

EC looks towards free market in energy

By William Dawkins in Brussels

CONCRETE MOVES towards establishing a free European Community market in energy are expected to be outlined by the European Commission to a ministerial meeting today.

to help industrial customers choose between energy sources. These are to be followed next year by ideas for scrapping restrictions on the purchase of electricity and gas from other member states.

been a poorly defined part of the EC's internal market programme. This matters fundamentally to Britain as it prepares to privatise its electricity industry, as well as to France, which is keen to find fresh foreign customers for its cheap nuclear generated electricity.

fast without some help from the EC to improve their own energy supplies. Other priorities mentioned in the energy paper include setting common environmental rules and improving infrastructure in countries like Greece and Ireland, which have no electricity links with mainland Europe, or encouraging the building of a gas pipeline across the English Channel.

Swiss banking body starts drug money inquiry

By Our Foreign Staff

THE SWISS Banking Commission is to launch an investigation into the so-called "Lebanese connection" in which up to nearly SFr2bn (\$744m) of drug money is alleged to have been laundered in Switzerland.

WEST GERMANY'S liberal Free Democratic Party (FDP), junior partner in the Bonn coalition, yesterday climbed down from its opposition to Daimler-Benz, the motor and engineering group, taking a 30 per cent stake in Messerschmitt-Bölkow-Blomb (MBB), the aerospace concern.

He also voiced confidence about chances for further currency stability within the European Monetary System, where speculation over a

four months to vet the deal. The opposition Social Democratic Party (SPD), which has vehemently criticised the link-up because of the size and power of the group which would result, yesterday accused Count Lambsdorff of capitulating.

Accord nearer on rules for security issues

By David Buchan

EUROPEAN finance ministers last night edged towards agreement on common rules for the writing of security issue prospectuses.

campaign" need not fall under the proposed investor protection directive, first tabled in 1982.

reports from Luxembourg. The European Community's development bank said in a statement it decided to make the loan because it involved increased co-operation between companies in different EC countries.

of the Cockfield proposal proves fully acceptable both to Britain and Luxembourg, and to those countries more concerned about protecting the smaller Euro-investor, it will cover only a relatively small part of Europe's share of the \$180bn-a-year Euro issues.

Dr Hermann Bodenmann, the Commission's chairman, said yesterday the inquiry would start this week and the public would be informed of the results "as soon as possible". Swiss authorities said on Friday they had evidence that at least SFr1bn worth of drug money had been laundered through Swiss banks and foreign-owned companies in Switzerland for a Lebanese-Turkish drug ring.

By David Marsh

This followed a special cabinet meeting last night, thus clearing the final political hurdle ahead of a deal which will result in the formation of a DM50bn (\$25bn)-turnover company dominating all sectors of the country's aerospace and defence industries.

In a campaign widely seen as an effort to improve his political profile following his appointment last month, Count Otto Lambsdorff, the FDP chairman, has recently given a series of interviews opposing the takeover. "We cannot and do not want to jump off a running train."

His proposals for tightening the conditions for the Daimler-MBB link had been agreed by Mr Martin Bangemann, the FDP Economics Minister, and former party chairman who has been the main architect of the deal. The FDP is also asking for a clear statement that the Bonn budget will not face an additional drain if the dollar falls below DM1.60, the lower limit of the DM4.3bn exchange rate guarantee scheme.

Talent Ability

Talent abounds on Teesside. The talent of an industrial and commercial base established for over a century. The talent of giant corporations and of smaller specialist enterprises.

ICI's Wilton plastics and petrochemicals site which includes Europe's largest petrochemicals complex and ICI's Materials Research Centre

British Steel's 3,000 acre plant operating Europe's largest blast furnace, producing three million tonnes of steel a year

Davy McKee's engineering and construction organisation serving the world's iron, steel and metal forming industries

BASF Chemicals' Seal Sands plant producing raw materials for acrylic and nylon fibres and engineering plastics production

Phillips Petroleum's North Sea terminal, handling every drop of oil from the Ekofisk fields, and processing, storing and loading it to tankers

Europe's biggest CAD/CAM centre - on Middlesbrough enterprise Zone - and Middlesbrough Polytechnic's CAD/CAM capability

RHM Foods' and other specialists' food and drinks development

Nissan's purpose-built terminal through which the bulk of its Japanese-made vehicles are distributed direct to UK dealers - and its UK production exported

Redpath Offshore, Whesoe and Davy Offshore, module makers to North Sea oilfields, poised for the future challenge

Davy Forge's advanced metals production techniques, meeting the exacting needs of aerospace, defence and medical technology

The biggest of them all, with great powers of control over 19 square miles of land, Teesside Development Corporation has the ability to harness Teesside's many strengths and place them at the service of investors and developers.

The commitment to its renewal programme of major development and investment forces: British Urban Development, Brookmount, Lovell Partnerships, Murray International, PostTel, Trafalgar House, Taylor Woodrow, AMEC, Sir Alfred McAlpine, BICC, Costain, John Laing, Mowlem, Tarmac, Wimpey McLean Homes, Bellway Urban Renewals

The UK's second largest port in volume of trade handled - and the North East's principal gateway to and from Europe and the rest of the world

Through its port and excellent motorway and rail links, command of a massive population market in the UK and on the European mainland

A vote of confidence from major foreign investors. Already established on Teesside - companies from Japan, Hong Kong, Singapore, Germany, Scandinavia, the Netherlands and the USA

A lifestyle, derived from a compelling partnership of urban amenity and easy access to incomparable coast and countryside, voted near the top of the UK league table

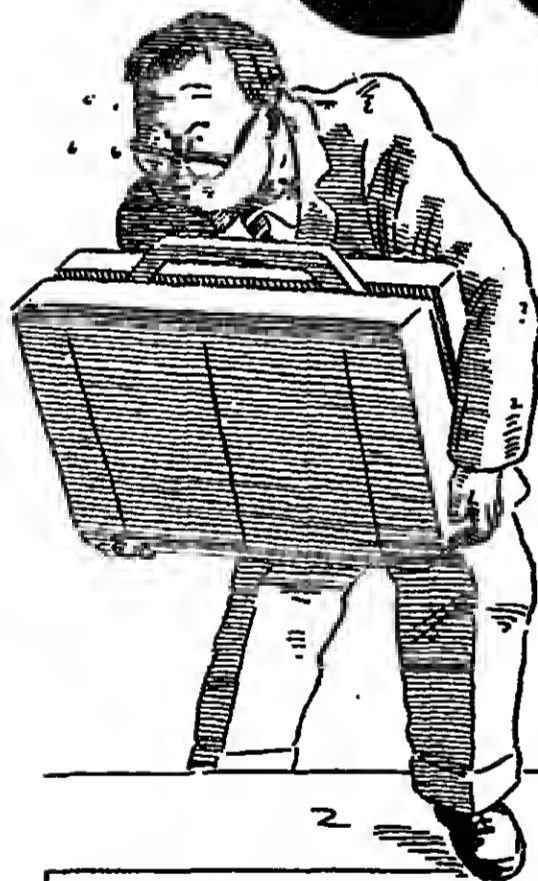
All the financial incentives implied in Teesside's continuing status as a Development Area with two Enterprise Zones. Plus European community grant and loan opportunities

To find out more about Teesside's Initiative, Talent and Ability: Contact Duncan Hall, Chief Executive, Teesside Development Corporation, Tees House, Riverside Park, Middlesbrough, Cleveland TS2 1RE. Tel: (0642) 230636 Fax: (0642) 230843.

TEESSIDE Initiative Talent Ability

'...where you have initiative, talent and ability, the money follows' The Rt Hon Margaret Thatcher, Prime Minister, Teesside, 16 September 1987

THERE ARE LIES, DAMNED LIES AND STATISTICS ABOUT PORTABLE COMPUTERS.



Some portables come with slip-a-disc facility.

Computer advertisements often speak with forked tongue.

Manufacturers are prone to describe anything that weighs slightly less than a desk as "portable."

Or they forget to mention the battery pack that weighs an extra four pounds.

Or to give you processor power

they get rid of the batteries altogether.

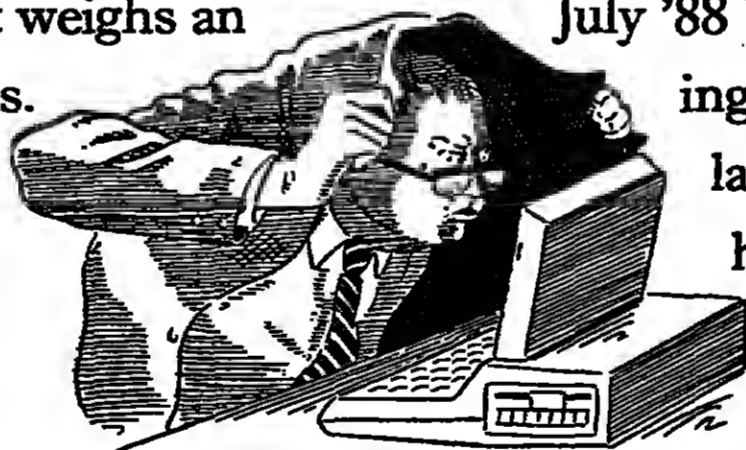
Thereby making the "portable" dependant on a power lead for the rest of its life.

Or they build screens that are only legible in a dark room.

And what these computers lack in specification their ads often make up for with overclaim.

But the Zenith TurbosPORT 386 and SupersPORT 286 machines were designed so that they could even use OS/2 on the move, miles from any power socket.

And all our machines, from the SupersPORT up



Some manufacturers make screens that need to be kept in the dark.

can plug in to your office network in seconds.

So while being more versatile than any other portables they remain as fast as the equivalent desktops.

You don't believe us?

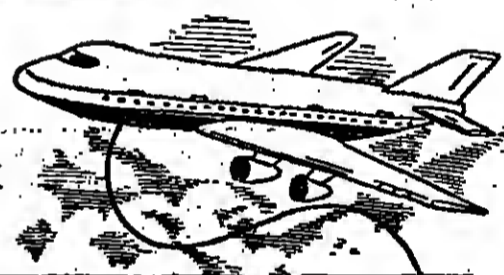
July '88 What Micro? magazine summed up by saying: "... (The SupersPORT 286) must be the

laptop micro that everybody would love to have: it's faster than most desktop micros, weighs from 14.5lb, runs on batteries and has the best LCD screen we have seen."

What more could

we say? Except, of course, phone us on 0800 444124 for further information.

In case you think it all sounds too good to be true.



Beware of the "portables" that need to be kept on a lead.

Some portables run in the slow lane.



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AMERICAN NEWS

Weary Bush seeks to hammer home his message

Peter Riddell watches as the Republican Vice President basks in the glow of Hollywood's stars

FOR MR George Bush, polling day has come not a moment too soon. During speeches in southern California on Sunday afternoon he sounded tired and several times talked, with relief, of the campaign now going to the wire.

Moreover, the latest opinion polls in California, with its 47 electoral college votes, suggest that the Republican candidate is coming under pressure in a presidential race in the state for the first time since 1964. Mr Bush is given a lead of only two to five points here, so his brief visit to southern California was followed yesterday by one from President Reagan, returning to his political home base, and by an evening rally in Los Angeles addressed by Governor Michael Dukakis.

Mr Bush's weekend schedule included the north east and several big mid-western states (some more than once), as well as the West Coast, in an increasingly hectic pattern which would have earned him a record bonus on any airline's frequent flyer programme.

Yet Mr Bush's tiredness led him to depart from his standard campaign speech and to reveal some of the frustrations of the campaign. He com-



US CAMPAIGN '88

plained about the daily whining of his opponent about negative campaigning. The contest was, Mr Bush said, not about some television commercial but about the leadership of the free world. Repeating Harry Truman's adage, he urged Mr Dukakis: "If you can't stand the heat, get out of the kitchen."

Mr Bush's message has, through repetition, been honed down to a few simple points about economic expansion and peace. He returned to President Reagan's 1984 theme, saying that the fundamental question was: "Are you better off than you were eight years ago?" In case of doubt, he sup-

plied the answer: "Of course you are."

The Vice President also returned repeatedly to his own international experience of when and how to use US power. The latest Soviet moves in Afghanistan, he said, the need for his experience rather than the naivety and total inexperience in foreign policy of his opponent. A new president would, he said, be tested by the Soviet leadership.

Mr Bush sought to define his "mainstream" theme broadly, saying he represented the ones who paid the taxes, who met the mortgage, and lived in the community, "family people." He denied Mr Dukakis's claim of being "on your side," saying it was what the computer virus had told the Macintosh.

Otherwise, it was a somewhat rambling affair. A pledge "not to take away your guns," which drew the largest cheers of the day, was put in the middle of a section on cleaning up the environment. It also came as police arrested a man in the crowd who dropped a starting pistol, filled only with blanks.

The speech went down well at an open-air rally of over



Michael Dukakis



George Bush

20,000 people in the predominantly Republican suburb of Woodland Hills in northern Los Angeles. Everything had been carefully prepared - flags for everyone, red, white and blue balloons, and a high-school band.

Yet while the image for the television news conveyed enthusiasm and patriotism, it

was for the participants more of a picnic on a delightfully warm day with free hot dogs and Coca-Cola.

Some in the crowd had come to see the stars: being just to the north west of Hollywood, it was very much a show business occasion. Charlton Heston recited the inevitable pledge of allegiance (and muffed it),

Andy Williams sang the national anthem (quite well), and Zsa Zsa Gabor, Joan Rivers, Pat Boone, Cesar Romero and other ageing glitterati were in attendance, along with Rich Little offering some feeble impressions.

The tone was set by Jamie Farr, who played Klingon, the male nurse in the television comedy series MASH who liked to dress up in women's clothes. He defended the ostentatious consumer spending of the Reagan years, saying that if he had a butler or a security guard for his swimming pool (which he did not) he would have created two jobs. But he had had a private pool built for himself and that had created jobs.

That, he said, was what the free enterprise capitalist system was all about - a point which struck home in one of the most affluent neighbourhoods in the world, where many do have pools.

Mr Bush's message was brought home most vividly by the compe of the occasion. Mr Chuck Norris, a karate world champion. He commended his "philosophy as a martial artist of peace through strength."

Swelling crowds spur Dukakis to fight to the last

Roderick Oram sees the public beginning to warm to the Democratic candidate

FIGHTING to the last horse "We're on your side", Mr Michael Dukakis wound up his quest for the US presidency last night and headed home to Massachusetts. America will deliver its verdict in voting booths 65 days after his campaign began.

Tapping his party's rich liberal roots and pounding home a simple populist message, the Democratic candidate has in recent days dramatically cut the lead of Vice President George Bush.

The tightening of the race has spurred on Mr Dukakis through the last four gruelling days of campaigning. He seemed to draw enthusiasm and energy from the crowds, which grew in size and emotional intensity as he travelled from east to west coast. At last he was scaling a rapport with voters after months of missed opportunities and cold, cluttered messages.

"We want Mike, we want Mike," the Chicago audience chanted on Friday evening. Throwing his arms high and

wide, he shouted back: "You want Mike? You got him."

He gave them the earnest fiscal conservative but leavened it with the wit and wisdom of heroes from the Democrats' glory days.

"If you believe, as John Kennedy did, that this country can never be satisfied with the status quo, that we've always got to be moving ahead, doing better, working hard, expanding the circle of opportunity for all of our citizens, then we're on your side. We're on your side."

Mr Dukakis has also hammered away at Mr Bush for what he called the Republicans' highly negative and often misleading attacks on him, his policies and his beliefs.

He quoted Harry Truman from 1948, the year when the Democrat inflicted a stunning come-from-behind defeat on the Republicans: "The smart boys say we can't win. But we told the people the truth, and the people are with us."

Recent polls bear out Mr Dukakis's

assertion. Those voters deciding between the candidates in the past two weeks have been choosing him by a ratio of two-to-one over Mr Bush, whom they blame more for the low tone of the campaign.

As controlled as ever, though, Mr Dukakis has shown only a few flashes of hot anger at Mr Bush's tactics. It has been instead the fiery Mrs Kitty Dukakis who has let rip at the "villification" of her husband.

"The only 'L' word my husband's opponent has used is lies," she said to a roar of support from the Tacoma crowd.

If Mr Dukakis has at last learnt to attack, he still seems earth-bound by his pedantic nature. Zing lapses into lugubriousness. He steps to the podium, doffs his jacket and rolls up his plain blue shirt sleeves. But only just so far, midway between wrist and elbow. His red tie remains firmly knotted at his neck.

Today is the Greek Orthodox feast day of St Michael, he frequently

reminds crowds. But not for him a rabble-raising quote from Revelations or Milton's Paradise Lost about Michael as a military leader in the war between God and Satan. "We want to be celebrating my name day with you," comes the pulled punch line.

All along, Kitty Dukakis kept trying to tell America her husband was more than a stuffed shirt topped by a big hard head. He thinks the public has got to know him as he improved on the hustings. "In the last three or four weeks, I hope people are getting a better idea of Mike Dukakis," he told a group of 60 students after the Tacoma rally.

The encounter with the undergraduates was more revealing, though, than a dozen crafted commercials. For half an hour he relaxed in a classroom fielding more than a dozen questions on topics from Israel to acid rain.

It was late in a long campaign day but he never lost his train of thought, though a cough sweet rattled against

his teeth.

He chatted warmly. Under no pressure from advisers to communicate in sound bites, he spoke in full, un-mangled sentences, sometimes in complete paragraphs and always directly to the questions. He also quizzed the students. "I'm going to become Socratic in my Kennedy School mode," he said, referring to his teaching at Harvard's school of government.

Why go through a campaign like this, one student asked. Because "after 25 years, I have found there is nothing more satisfying than public service," he replied. "I think I'll be a far better president for going through this." Twenty months and 500,000 miles on the road "have shown me things I want to do, the greatness of this country, the goodness of its people."

The moment was lost to the country. The national press had already left, hurrying to the next campaign stop 300 miles away.

Liberal lead alarms Canadian markets

By David Owen in Toronto

CANADIAN financial markets reacted sharply to the publication of an opinion poll giving the Liberal Party a commanding 12-point lead in public support yesterday, with equities, bonds and the Canadian dollar all tumbling precipitously.

The Gallup poll assessed support for the Liberals at 43 per cent of decided voters, against 31 per cent for the ruling Conservatives and 22 per cent for the New Democratic Party (NDP). Just a week ago Gallup had indicated that the Tories held a six-point lead.

By midday, the benchmark Toronto Stock Exchange TSE-300 index had dropped almost 75 points or more than 2 per cent to 3251.

Long- and medium-term bonds drifted by about two points in nervous trading. Meanwhile, the Canadian dollar slipped back about 0.7 cents from Friday's close to some \$0.88 US cents, despite central bank intervention.

Last Monday, the Canadian dollar fell almost 1.5 cents in frenzied trading, following the publication of polls showing that the Liberals were gaining ground.

Yesterday's reaction to the Gallup poll was due to the fact that it appears to place Prime Minister Brian Mulroney's still unrattled US-Canada free trade agreement in grave danger. The pact, which would eliminate virtually all tariffs on trade between the two countries over 10 years, has garnered widespread support in the business community.

It is bitterly opposed by the Liberals and the NDP alike, however. For the agreement to go into effect on January 1 as planned, therefore, Canadians would need to elect a second consecutive Tory Government on November 21.

The suddenness of the Liberal revival is quite unprecedented: little more than two weeks ago, the Conservatives appeared to be coasting to victory.

The about-turn is almost universally attributed to the strong performance of Mr John Turner, the Liberal leader, in the campaign's two televised debates. While Mr Turner failed to land a knockout punch, his relentless hounding of the Prime Minister succeeded in sowing seeds of doubt in voters' minds regarding the trade deal, and did much to raise uncertainty about Mr Turner's competence to lead the country.

Mr Turner and Mr Ed Broadbent, the NDP leader, maintain that the deal lays Canada open to increased US domination and jeopardises the country's social and regional development programmes.

Yesterday's poll puts the Liberals in the lead in Ontario, the Atlantic region and French-speaking Quebec, which until recently had appeared one of the most solid bastions of Tory support. The Conservatives remain ahead in the Prairies, while the Tories and NDP are neck-and-neck in the Pacific coast province of British Columbia.

Puerto Ricans vote today

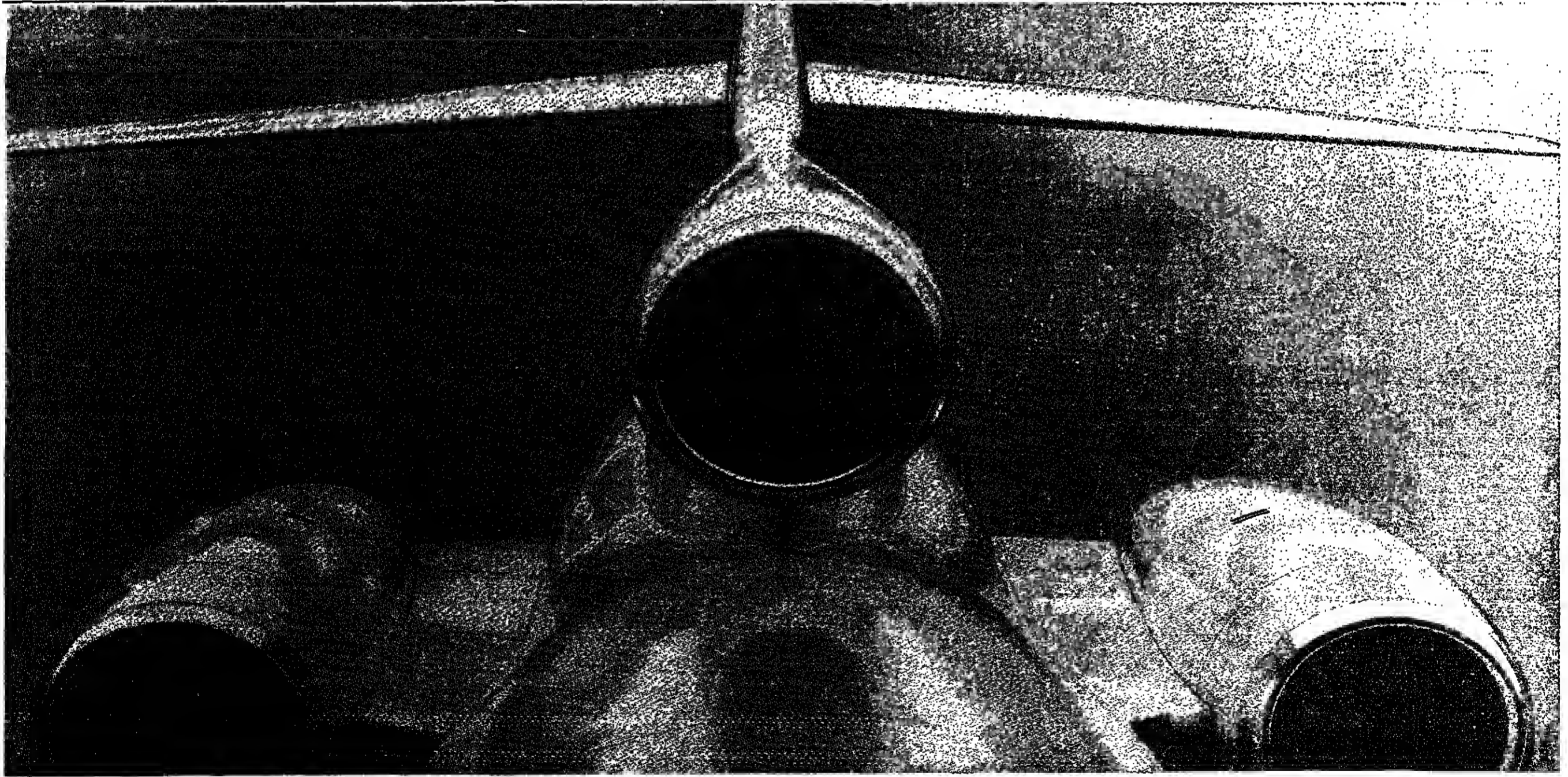
By Larry Luxner in San Juan

BUOYED by strong economic growth, a scandal-free administration and the lowest unemployment rate in more than a decade, Rafael Hernandez Colon is likely to be elected today to another four years as governor of this US possession.

Nearly 2m Puerto Ricans, 80 per cent of the voting-age population, are expected to participate in the elections here, which fall on the same day as the US presidential voting. Despite their status as US citizens, however, residents of this Caribbean island may not vote for president.

One leading newspaper poll predicts that Mr Hernandez Colon, who favours continued Commonwealth status - self-government within US laws - for Puerto Rico, will win with 58 per cent of the vote, compared to 31 per cent for statehood advocate Baltasar Corrada del Rio, and eight per cent for Ruben Berrios Martinez, who demands complete independence for the island.

On Sunday, the last full day of campaigning, all three party leaders held huge rallies in various parts of San Juan.



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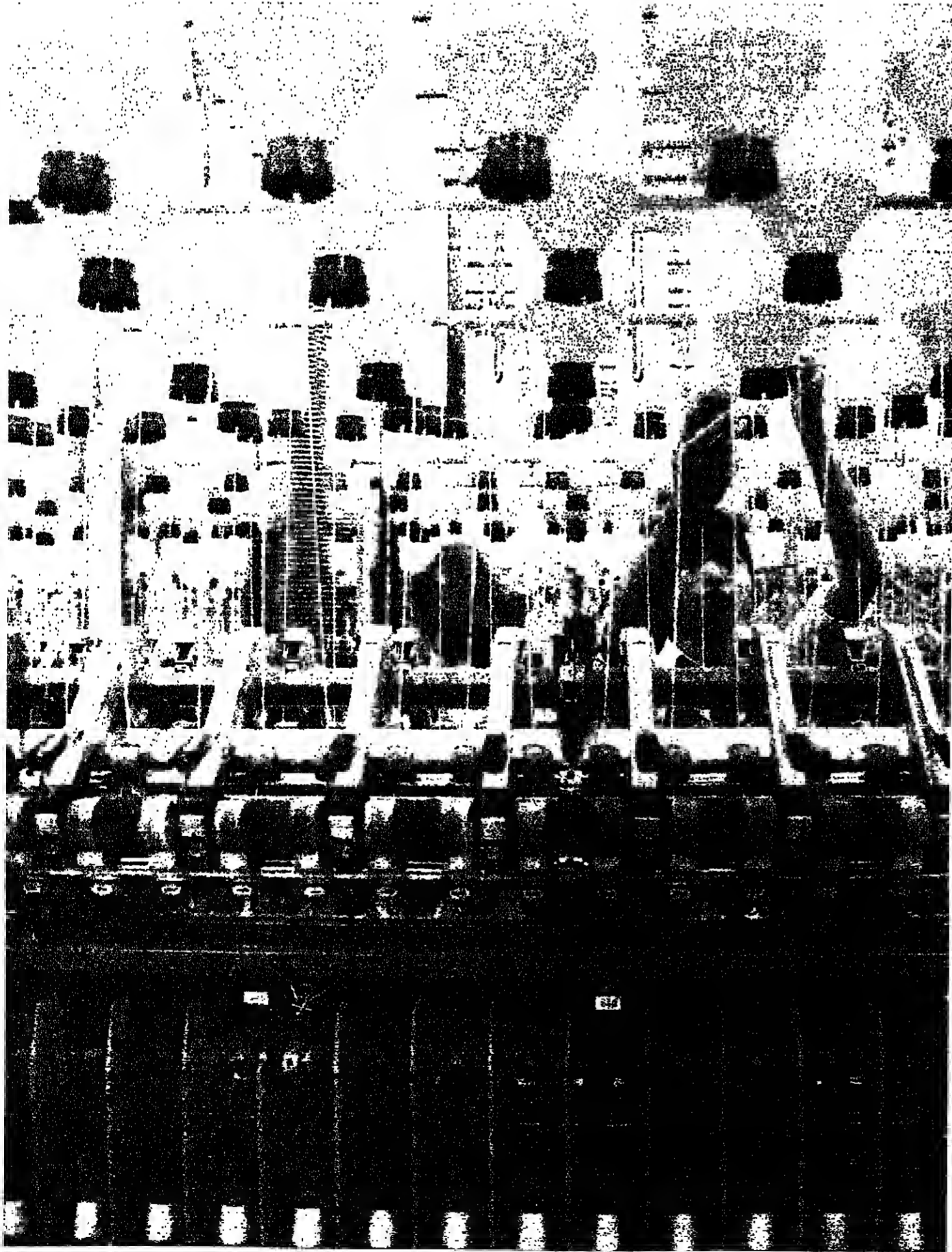
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OVERSEAS NEWS

Taiwan's bills for industrial pollution mount

By Bob King in Taipei

THE state-owned Taiwan Power Company has agreed to pay \$80m to residents of Hongmao Harbour in southern Taiwan as compensation for pollution caused by the utility's thermal power plants. The payments are part of a snowballing move by Taiwan's citizens to halt rampant industrial pollution much of which has existed for several decades.

Revolutionaries push Sri Lanka to the brink

David Housego reports from Colombo on fears of anarchy as elections draw near

SRI LANKA is hovering on a knife-edge between the faltering democracy that it now is and a downward slide into anarchy and revolution. The notebook of a journalist in Colombo quickly fills with those expressions of fear and foreboding which show that what once seemed inconceivable has now become possible.

the Government's own use of assassination squads in the growing brutalisation of Sri Lanka political life in recent years. They have gained enormously in strength from the unpopularity of the Indo-Sri Lanka Peace Accord last year which has left 60,000 Indian troops in the north and thus stirred historic anti-Indian paranoia.

Israeli president seeks broad coalition

By Andrew Whitley in Jerusalem

PRESIDENT Chaim Herzog of Israel yesterday urged the formation of a broadly based government charged specifically with reforming the country's electoral system and holding fresh elections within a short period.

Mr Herzog's plea - at his first meeting with representatives of the two largest parties, Labour and Likud - was aimed at breaking the deadlock following the failure of last Tuesday's general election to produce a clear-cut coalition of either the right or the left.

Forged certificates worry stock brokers

HUNDREDS of forged stock certificates valued at millions of Taiwan dollars have been discovered in Taiwan brokerage houses, and stock exchange officials said yesterday they suspected more fakes were still in circulation.

Iran offers talks on UK links

IRAN HAS announced it will hold further talks with Britain today to discuss the proposed restoration of full diplomatic relations, although the British Foreign Office said yesterday that it was not aware of any arrangements for new negotiations.

Tunisian leader promises April elections

By Francis Ghiles

PRESIDENT Zine El Abidine Ben Ali of Tunisia yesterday signed a national pact which enshrines the principle of multiparty democracy.

and a representative of the Islamic Tendency Movement signed a national pact which enshrines the principle of multiparty democracy.

Court urges relaxation in Pakistan voting rules

By Christina Lamb in Islamabad

A HIGH COURT in Pakistan has asked the President to consider relaxing the condition that identity cards must be shown in order to vote in the forthcoming elections.

Khomeini expression

Iran's leader Ayatollah Ruhollah Khomeini said that free social expression is the best way to settle disputes in society, AP reports from Cyprus.

Indian general killed

Sikh gunmen shot and killed an Indian army general in Punjab yesterday as five days of Sikh separatist violence left at least 78 people dead in the north Indian state, police said.

Coup ship returns

Two Indian frigates yesterday escorted the badly damaged ship, Progress Light, across the Indian Ocean to the Maldives Islands, Renter reports from Male.

Kampuchea talks

Warring Kampuchean leaders began talks yesterday on ending a decade of conflict in their country but without the presence of the Khmer Rouge, the main opposition force.

Namibia talks will focus on Cuba's Angola pull-out

By Michael Holman, Africa Editor

NAMIBIAN independence negotiations are due to resume in Geneva on Thursday for what diplomats describe as one of the most critical sessions since the talks began in London last May.

Cubans would take place during the first year of Namibia's independence, and the balance during the second year.

Nigerian Islamic protest

STREET protests broke out in the northern Nigerian city of Sokoto on Sunday after the selection of a new spiritual leader for millions of Moslems, Renter reports from Lagos.

Lange passes on sacked minister's portfolio

By Chris Sherwell in Sydney

MR DAVID LANGE, the New Zealand Prime Minister, yesterday handed over the portfolio of a minister sacked in a row over the sale of state assets.



Rodger: takes portfolio

worth of government businesses, on Friday, Mr Lange said he had differences with Mr Prebble over the method of selling the assets.

Opposition seeks inquiry into Aboriginal agency

By Chris Sherwell in Sydney

CONTROVERSY has deepened over alleged corruption in the Australian Government's sensitive Aboriginal Affairs portfolio.

The Labor Party Government yesterday agreed that the already-announced comprehensive audit of the Aboriginal Development Commission (ADC) should be extended to the Aboriginal Affairs Department itself.

Economic strains test Senegalese democracy

Nicholas Woodworth reports on President Abdou Diouf, who starts a three-day visit to Britain today

PRESIDENT Abdou Diouf of Senegal, who arrives in Britain today on a three-day state visit, is a rare example of an African leader who presides over a multi-party democracy.

have caused cracks in the monolithic rule of his Parti Socialiste (PS). Growing insecurity over the economic future, particularly among the youth of Senegal, led to a presidential election campaign last spring marked by widespread violence.

Some have already come up for private sale, while others are being rationalised on World Bank demand. While GDP has risen by 4 per cent annually for the last three years, inflation pushed down to 5 per cent, and government expenditure reined in, the price has been high and the ultimate benefits of adjustment are still far off.

Diouf's major political rival, Mr Abdoulaye Wade, had been sentenced to jail terms following the election disturbances, and then pardoned. While the talks were intended to bring about political reconciliation and agreement on national programmes, they ended with opposition delegates storming out of the round table conference.



Diouf: painful reforms

Business leaders split over CBI told European currency 'inevitable'

By Hazel Duffy

MR JOHN BANHAM, director general of the Confederation of British Industry, the UK employers' body, failed yesterday to secure a firm lead from his annual conference to press the City of London into making hostile foreign bids for British companies more difficult.

But he will still propose today in his closing speech to the delegates at Torquay that changes should be made to the rules governing the purchase of shares. This would aim at slowing down the procedure under which a bidder gained control of a company.

Talks will be sought with Mr Robin Leigh-Pemberton, Governor of the Bank of England, and City regulatory bodies. The party's views were divided equally on a resolution which sought to level the accusation of short-termism at the City at the expense of the need of industry to invest for the long term.

This was despite a forceful speech by Sir Hector Leung, chairman of United Biscuits, when he spelled out the threat that he perceived British companies faced from foreign predators.

Delegates did not respond in the way he hoped for by Sir Hector when he gave a warning that Britain could be reduced



Sir Hector Leung: threat from foreign predators

to little more than colonial status if the spate of foreign takeovers continued.

City representatives were joined by some delegates from manufacturing and service companies which criticised the resolution and by implication the CBI leadership's attempt to use it as the platform for a campaign for industry to assert its new-found strength to redress the balance with the City.

The CBI leadership also received a setback on interest rates, which it believes was working to cut consumer credit demand. Several delegates complained about the effect

that high interest rates were having on their businesses and investment plans.

Mr Banham said he would take their views into account when the CBI formulated its submission to the Chancellor of the Exchequer on the budget next spring.

Sir Hector said after yesterday's debate that he was "disappointed that no-one had thought through the consequences of our losing so many of our great companies."

Richard Donkin writes: Old-style trade unionism had become irrelevant to today's needs, Mr Geoffrey Armstrong, chairman of the CBI employment committee, said in a debate that led the conference to register its opposition to proposals for social legislation in the EC.

The trade unions, he said, needed to drop their class war rhetoric and develop services based on training, legal protection, health and safety and personal financial matters.

He said the European Commission appeared hell-bent on creating a framework of statutory obligations on employers to impose rules on information, consultation and participation in board-level decision-making.

CBI told European currency 'inevitable'

By Richard Donkin

LORD PLUMB, Conservative president of the European Parliament, speaking at the CBI conference yesterday, said a common EC currency was inevitable.

He added that movement towards the single market of 1992 was helping to reinforce the EC as a political entity.

In a speech flying in the face of Mrs Thatcher's resistance to any threat to UK sovereignty, Lord Plumb declared that "loss of sovereignty" should not blind industrialists to the real issues. Sovereignty was not an absolute, he said.

All countries, particularly in Europe, had lost a degree of their sovereignty in order to increase their collective power.

Lord Plumb, introducing a debate on moves towards a single European market, said the Single European Act laid down the objective of the European union.

"The simple fact is that the trade flows, the movement of investment and capital, the progress towards 1992, are all reinforcing the European Community as a political entity," he said.

Emphasising the increasing importance of the Ecu, now the fourth biggest

trading currency, Lord Plumb said the time was ripe for Britain to join the exchange-rate mechanism of the European Monetary System.

As exchange rates became more stable, he said, the role of a common currency would become more obvious.

"Soon a common currency will become concrete and inevitable," he said.

Governments and industry in Britain would get nowhere if they pretended to ignore development at a European level.

The conference endorsed resolutions to encourage a "one-stop" competition authority to control takeovers on completion of the single market, and called on the EC to use additional negotiating leverage to obtain reciprocal benefits from other trading communities.

The conference accepted the argument of Mr Martin Taylor, of Hanson, who said an EC-wide merger authority was an essential goal.

But he said it was secondary to the establishment of European competition policy.

Minister clashes with power chief over privatisation

By Max Wilkinson, Resources Editor

A VIGOROUS argument between the UK Government and the Central Electricity Generating Board about the terms on which Britain's power stations will move into the private sector emerged in public yesterday.

Mr Cecil Parkinson, the Energy Secretary, told a packed conference in London on electricity privatisation that he had thought of limiting the length of contracts for the output from the CEB's power stations after privatisation.

This was desirable, he said, to promote competition from independent generating companies after privatisation. He told the conference, organised by The Economist, that he wanted to create a vigorous industry.

However, Mr John Baker, the CEB's managing director, who followed Mr Parkinson to the platform, warned that short-term contracts would undermine the viability of new generating companies and make them difficult to sell.

Mr Baker said that if contracts were significantly shorter than the life of existing plant the viability of the two new national privatised compa-

nies would be hard to assess and this would present difficulties at the time of flotation.

In a speech of great optimism, Mr Parkinson claimed that vigorous competition would eventually lower electricity prices, even though he admitted under questioning that it had been necessary to push prices up initially.

"We have already heard of some 15 major generation projects, which are being prepared by private companies, representing about 8 per cent of this country's total electricity needs," he said.

Spy centre protest attracts '250,000'

By Phillip Bassett, Labour Editor

TRADE union leaders claimed last night that more than 250,000 employees had taken part in protest rallies against the UK Government's sacking of union members at its GCHQ spy centre at Cheltenham.

The Government said the number of civil servants taking part in the one-day strike was 50,000 - but it was clear that a number of Government operations, especially social security offices, were badly affected.

The TUC estimated that more than a quarter of a million people took part in some 60 marches and rallies across

the country, with large turn-outs in Liverpool, Sheffield, Glasgow, Newcastle and London.

At a London rally, Mr Neil Kinnock, the opposition Labour Party leader, mounted a spirited attack on the Government, charging the Prime Minister with double standards towards union members in Poland and in Britain.

Ministers mostly maintained silence, though Mr Norman Fowler, Employment Secretary, said the sympathy strikes were "unjustified" and defended the Government's union decision on GCHQ.

Benefits for elderly unveiled in effort to defuse Lawson row

By Philip Stephens, Political Editor

THE GOVERNMENT yesterday sought to defuse a major political row over state pensions and other benefits for the elderly by announcing that it was planning a new package of measures to help the poorest pensioners.

Mr Nigel Lawson, Chancellor of the Exchequer, unveiled the plans in a House of Commons statement amid intense official embarrassment over weekend press reports that he was intent on scaling back universal benefits for the retired.

The Government was hoping last night that the news would help it to defeat a planned rebellion in the House of Lords today over the imposition of charges for eye tests.

Yesterday, however, the rebels tabled a second amendment to exempt all pensioners from the charges in the event that the Government wins the vote on the principle of their introduction.

Mr Lawson, who received noisy backing from Conservative MPs, dismissed the press reports as a misinterpretation of his remarks at a private briefing for political correspondents.

Responding to an emergency question put by Mr Neil Kinnock, the Labour leader, he reaffirmed the Government's commitment to maintaining the value of the state pension. He added that he had no plans to change the annual £10 Christmas bonus for the retired or remove their exemption from prescription charges.

series of assurances from Mr Lawson, said that the Government's plans for pensioners would involve greater use of means tests and a widening of the poverty trap.

Later Mr Gordon Brown, the shadow Chief Secretary to the Treasury, wrote to the Chancellor claiming that he had failed to give the assurances and asking him to reply to the "unanswered questions".

Mr Lawson, whose statements followed a day of damage limitation in Whitehall after what seen as a public relations disaster at the weekend, gave no details of the new measures for the poorest pensioners.

Other ministers, however, said they focused on boosting the aid to pensioners available through its Income Support scheme.

Journalists present at the weekend briefing meanwhile insisted that they had not misinterpreted the Chancellor's remarks and joined opposition MPs in suggesting that they had been withdrawn because of the political storm.

The Treasury declined to release a transcript of the briefing.

In his letter to Mr Lawson last night, Mr Brown called for him to pledge that health service prescriptions for the elderly would remain free and that there would be no new health charges. He also called for a commitment that attendance and mobility allowances would not be means tested and that their real values would be maintained.

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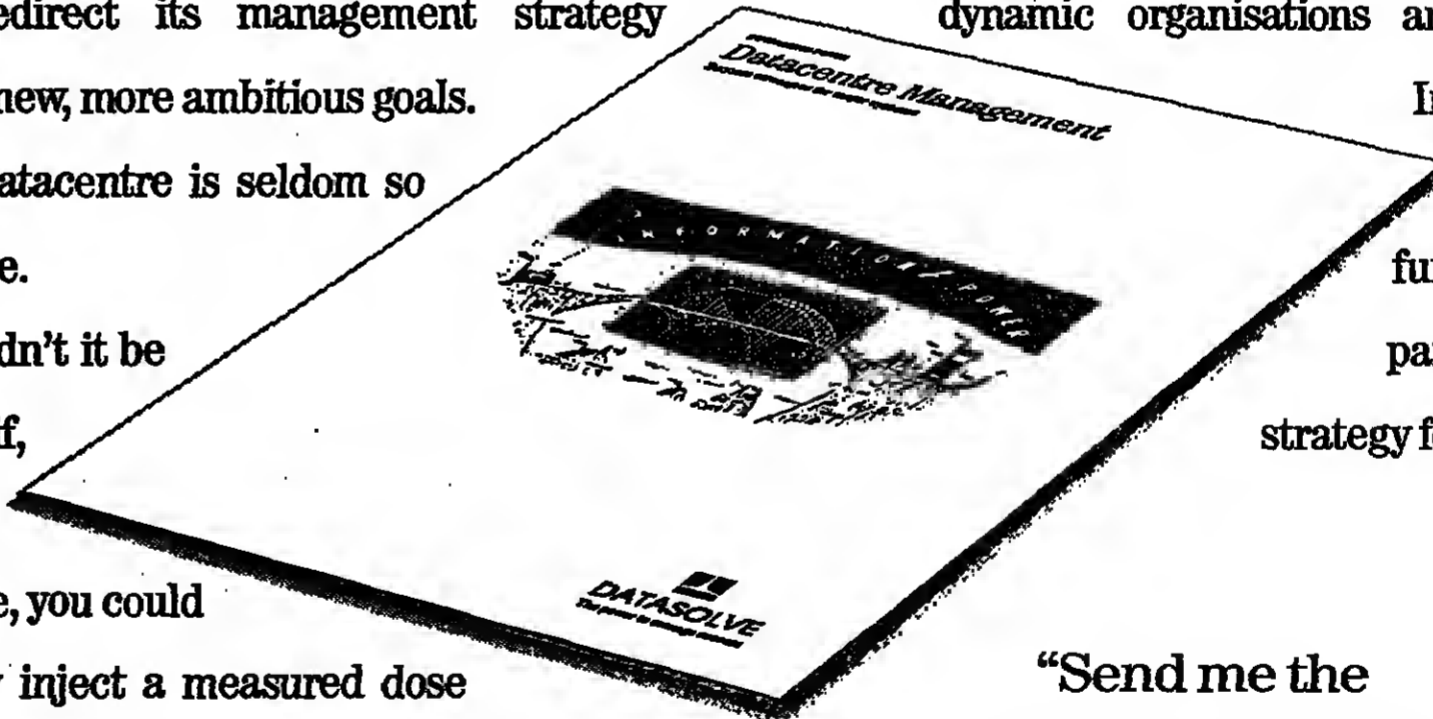
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UK NEWS

UK truck sales head for record

By Kevin Done, Motor Industry Correspondent

The boom in UK commercial vehicle sales gathered pace last month as new registrations jumped by 15.14 per cent to 29,743 units, compared with 25,836 in October last year, still supported by the buoyancy of the UK economy.

For the first 10 months of the year commercial vehicle sales are 13.72 per cent higher than a year earlier at 303,799 units compared with 267,135 and are on track to exceed last year's record of 312,700 vehicles for the full year.

According to figures from the Society of Motor Manufacturers and Traders imported commercial vehicles have increased their share of the UK market to 40.19 per cent in the year to date from 38.32 per cent a year ago, but in October alone the importers' share was reduced to 38.34 per cent compared with 40.16 per cent in October 1987.

the year to date of 27.67 per cent to 14,079 units, increasing its market share to 24.33 per cent from 22.49 per cent a year ago.

Leyland DAF, the UK subsidiary of DAF of the Netherlands, closed the gap a little in October, but for the year to date its share of the market is virtually unchanged at 22.57 per cent following an increase in sales volume of 18.61 per cent to 19,117 units.

Mercedes-Benz of West Germany, in third place in the truck sector, has also out-paced the stalling overall market with a rise of 22.96 per cent in sales volume. It has increased its market share to 15.18 per cent from 14.61 per cent a year ago.

Overall heavy trucks (above 15 tonnes gross vehicle weight) are the fastest growing segment of the commercial vehicles market with a jump of 19.7 per cent to 31,470 units in the first 10 months.

The most spectacular gains have been made by ERF, the independent UK heavy truck maker, which has increased its share of UK heavy truck sales to 10.1 per cent in the first 10 months, from 7.7 per cent a year ago, backed by a leap in sales volume of 66.81 per cent to 3,177 units.

UK COMMERCIAL VEHICLE REGISTRATIONS JAN-OCT 1988

	Volume (Units)	Volume Change (%)	Share (%) Jan-Oct 88	Share (%) Jan-Oct 87
Total Market*	303,799	+13.72	100.00	100.00
Imports	122,106	+18.27	40.19	38.32
Small vans (up to 1.8 tonnes)				
Total	99,743	+12.50	100.00	100.00
Imports	28,625	+7.68	28.70	29.88
Ford	30,660	+9.27	31.07	31.98
GM (Bedford)	26,394	+18.25	27.05	23.75
Rover Group	16,570	+10.88	16.61	16.86
Peugeot (incl. Citroen)	6,050	+17.78	6.07	7.71
Renault	5,429	+16.60	5.44	5.25
Medium Vans (1.81-3.5 tonnes)				
Total	128,848	+11.75	100.00	100.00
Imports	59,234	+24.28	46.19	41.54
Ford	85,120	+10.80	41.42	41.74
Def (Freight Rover)	14,285	+1.05	11.14	12.32
Renault	10,172	+25.18	7.93	7.08
Nissan	9,985	+44.77	7.79	6.02
Peugeot (incl. Citroen & Talbot)	8,290	+33.89	6.42	5.38
Mercedes-Benz	7,217	+19.53	5.63	5.26
GM (Bedford)	6,994	-13.78	5.45	7.07
Trucks (over 3.5 tonnes)				
Total	57,857	+17.80	100.00	100.00
Imports	23,502	+15.83	40.62	40.96
Iveco Ford	14,079	+27.47	24.33	22.49
Def (Leyland Daf)	18,117	+16.81	22.67	22.52
Mercedes-Benz	8,753	+22.35	15.18	14.61
Volvo	5,941	+12.57	10.10	10.57
Renault (RIT)	3,223	-8.92	5.57	8.77
ERF	3,177	+58.81	5.49	4.13

*Includes buses and light four wheel drive utility vehicles. Source: Society of Motor Manufacturers and Traders.

Thousandfold return forecast for cellular investors

By Terry Dodsworth and Hugo Dixon

INVESTORS in cellular communications could make an immediate thousandfold return on their initial outlays if they were successful in winning licences to run systems, Mr Malcolm Ross, senior consultant at Arthur D. Little, the consultancy group, said yesterday.

"The cost of putting in an application is in the hundreds of thousands of dollars; the value of a licence is in the hundreds of millions of dollars," he said.

Mr Ross was speaking on the first day of a two-day Financial Times conference in London on the outlook for world mobile communications.

He told the conference that good marketing rather than price cutting was the key to success in the market, as demand for cellular phones was very insensitive to their price. Moreover, in countries with two operators, the market was almost certain to be split in two equal parts and so cutting prices leads to lower profits not higher market shares.

"Why is everyone selling equipment so cheaply in the UK?" he asked.

Mr Kouhei Nishino, senior executive manager at Nippon Telegraph and Telephone (NTT), said that the development of mobile cellular networks in Japan had been characterised by intense traffic concentration in the major cities. With about 60 per cent of all car telephone subscribers situated in the Tokyo area, NTT had been forced to develop a new high capacity analogue system in the city, and was working on the development of digital cellular networks.

Mr Nishino added that NTT was pressing ahead with the introduction of cordless telephone services for office buildings, following the recent liberalisation of this part of the telephone system in Japan.

Car telephone prices had now fallen to a sufficiently low price in the US to become attractive to the mass consumer market, according to Mr Carroll McHenry, president of American Cellular Communications.

In Los Angeles, which Mr McHenry described as the world's best cellular market with 170,000 subscribers, mobile telephone prices had dropped to \$199 per unit and large retailing companies were entering the market.

These changes, he said, meant that emphasis in the business was switching from licensing and regulatory issues to the management of the systems.

In one mid-western town where the launch of a \$199 tele-



phone set helped to double sales overnight, usage among the newly added subscribers was only two thirds of the rate among existing customers.

Mr Rick Puggent, vice president of Motorola, the US cellular phone maker, said that the move towards portability was generating extra revenue for cellular operators, as owners of portable phones used them more often than car phone owners.

Mr Robert Atkins, parliamentary undersecretary at the Department of Trade and Industry, said that the UK Government intended to support the introduction of satellite-based pan-European mobile services for airline passengers. After the successful testing of air-to-ground links early this year, the Government was planning to license British Telecom and Mercury to establish services.

According to Mr Stephan Pascall, who is responsible for mobile communications at the European Commission, several countries would begin to run out of capacity on their current analogue mobile telephone networks by 1991. The introduction of the planned new digital mobile services would help solve these problems, he added, by providing about double the traffic capacity available on the present networks.

Mr Pascall stressed that the launch of the digital technology would transform the industry in Europe by offering a single large European market in place of the collection of incompatible networks currently installed. But he gave a warning that European manufacturers of mobile telephony handsets would be able to benefit from this market opportunity only if they made substantial investments in the new technology.

Mr Ulf Johansson, executive vice president of Ericsson Radio Systems, said that European manufacturers were in a bad position to win a large share of the market for digital cellular handsets. This was because microchips a technology in which the European continent was weak accounted for three-quarters of the cost of making the handsets.

Church challenged over South African portfolio

By Richard Evans

UK CHURCH Commissioners, responsible for the substantial investments of the Church of England, are coming under increasing pressure to change their investment policy to take account of ethical issues such as involvement in South Africa.

This follows a fresh legal opinion on the investment duties of the Commissioners, obtained by the Christian Ethical Investment Group.

been at variance on the issue with a section of the Synod, the Church's governing body, which has pressed for investment changes.

The Rt Rev Richard Harries, Bishop of Oxford, welcomed the legal opinion, which states that the Commissioners should bear in mind that support of the clergy was only the means to the higher end of the promotion of the Christian faith, and he said it would have far reaching consequences.

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TECHNOLOGY

Contentious issues like "acid rain" and over-heating of the planet through a "greenhouse" effect have rekindled interest in the search for cleaner and more efficient ways to burn fossil fuels.

Magnetic prospect for fossil fuel

David Fishlock describes a system for the cleaner and more efficient conversion of coal to power

One of the power station concepts that could benefit is magnetohydrodynamics (MHD) - a technology as troublesome as its name - which soared to fame in the 1960s, but fell from grace when the engineers said it was all too difficult.

William Jackson, president of HMI Corporation in Washington DC, a company specialising in MHD, is among those who believe that the technology is set to come into its own for fossil fuel power stations in the 1990s. Jackson, a physicist who ran a large MHD programme for the US Government in the mid-1970s, says that Congress has kept MHD alive in spite of attempts by both the Carter and Reagan Administrations to kill it. They said it absorbed too much of the US Department of Energy's budget for fossil fuel research.

Congress has just voted to spend \$37m (£21m) on MHD for the coming year, an increase of \$2m on the previous 12 months. Proponents of MHD say that there are no fundamental technical barriers to using it in power stations, but acknowledge that big technical risks remain.

Jackson says that the \$37m will fund studies by industrial groups in Florida and Montana, based on two different coals, one high and one fairly high in sulphur. The goal is to

produce evidence to back a big demonstration of clean coal combustion involving an MHD generator added to an existing station, in a project expected to cost between \$200m and \$400m over 10 years.

So far, the only attempt at a demonstration on this scale is being made by the Soviet Union. In 1982, it started work on a 570 megawatt (MW) natural gas-fired station at Ryazan, 150 km south-east of Moscow. The conventional steam-raising part of the project is operating. But the MHD "topper" designed to increase efficiency by first burning the gas at a very high temperature, and a magnetic field strength of several Tesla, calling for a superconducting magnet.

The exhaust gas from the MHD generator is still hot enough to raise steam at peak efficiency from conventional plant. In theory, the MHD "topper" could increase overall efficiency (in terms of the conversion of fuel to power) from the figure of less than 40 per cent normally associated with

a hot, electrically-conducting gas is blasted between the poles of a magnet. It induces a flow of electricity at right angles to both the gas flow and the field (the Faraday effect).

MHD can be likened to a magnetic turbine, in which the hot gas thrusts against a magnetic field instead of turbine blades. Early spacecraft confirmed that MHD electricity is generated in space, as searing winds from the sun cut across the earth's magnetic field.

A compact MHD power plant needs a gas temperature of at least 2,500 degrees C - far higher than gas turbines can handle at present - and a magnetic field strength of several Tesla, calling for a superconducting magnet.

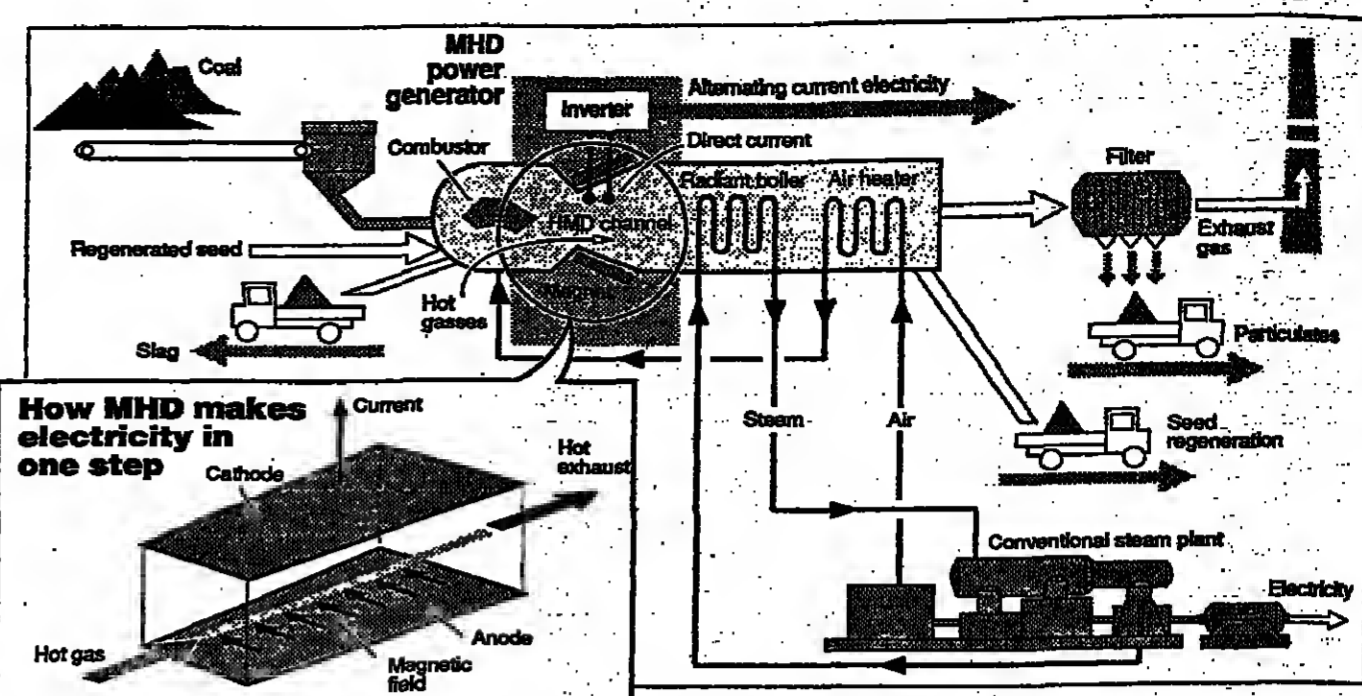
The exhaust gas from the MHD generator is still hot enough to raise steam at peak efficiency from conventional plant. In theory, the MHD "topper" could increase overall efficiency (in terms of the conversion of fuel to power) from the figure of less than 40 per cent normally associated with

steam turbines to 60 per cent.

This is because the only way out of the Carnot cycle, which limits the efficiency of the steam engine, is to go for a one-step conversion of heat to electricity, such as MHD. Jackson says that other advanced coal combustion techniques only promise to increase efficiency to 45 per cent.

But two decades of engineering experiments have left no doubt that the technology is troublesome. In Britain, as long ago as 1968, the Central Electricity Generating Board abandoned a planned \$20m demonstration at its Marchwood power station. Academic researchers then found that MHD projects were no longer winning support.

According to Jackson, Britain - and France - made too hasty a judgment that coal-fired power was doomed to fail in competition with nuclear power. But both the US and Soviet Union persevered with MHD. More recently, other countries have started national MHD pro-



grammes, among them Japan, Italy, India and China; and the European Community is proposing one.

Bill Jackson identifies several factors which have helped rekindle interest. One is that, despite the high operating temperature, an MHD generator displays some intrinsic advantages over other ways of raising combustion efficiency.

For example, particulates in the input gas cannot damage the magnetic field in the way that they attack the blades of a coal-fired turbine. Moreover,

coal naturally forms an electrically conducting slag on the electrodes needed to pick up MHD power, protecting them from corrosion.

Another discovery is that the chemical, potassium carbonate, with which the hot gas must be "seeded" to make it sufficiently conductive for MHD generation is ideal for removing sulphur, the corrosive ingredient of "acid rain", from the fuel. No other processing is needed, he says. "The chemistry is in perfect balance."

Nitrogen oxide (NOx) emis-

sions are minimised by controlling the rate of temperature decay in the combustion gases. Any residual coal particles can be removed from the MHD exhaust by conventional filters before the gas is passed to the steam boilers.

The net effect, says Jackson, is to bring MHD within the price bracket of other advanced technologies for converting coal to electricity, such as coal-fired turbines and pressurised fluid-bed combustion. Moreover, it should be able to beat current US emission stan-

dards by a factor of 10.

The evidence for a price range of between \$2,000 and \$3,000 per kilowatt comes from the two US projects studying conceptual designs for an MHD generator to add to a coal-fired power station. One, run by MHD Development Corporation, involves such companies as Montana Power Company, TRW, Avco, Babcock and Wilcox, General Dynamics and Westinghouse Electric.

The other is run by Westinghouse and involves Southern Company Services



Saving power in the transformer

IF ALL 35m power distribution transformers in the US were replaced with units using a new kind of magnetic core, the country could save 60bn kilowatt-hours of energy annually.

That is the estimate of General Electric Power Delivery, of North Carolina, and the Electric Power Research Institute (EPRI) of California, joint developers of the new transformers.

Transformers are used throughout power distribution networks to reduce voltages from grid levels down to the few hundreds of volts needed for factories and homes. They consist of a high-voltage input winding and a low-voltage output winding. Both are wound round an iron core to concentrate the magnetic field which transfers the energy from one winding to the other.

The problem is that the core itself absorbs energy, producing considerable losses in the form of heat and reducing the efficiency of the unit.

The GE/EPRI answer is an amorphous metal core which loses only about a third of the energy of the normal iron-based, crystalline-structure metal.

The material is made by spraying a stream of liquid metal alloy on to a chilled rotating wheel. The metal hardens before it can form a crystalline structure and comes off the wheel in strip form.

Transformers made with the amorphous alloy cost about 25 per cent more than the conventional kind, but this is offset by energy savings over the transformer's life.

A pattern for dress design

COMPUTER-aided design is applied to all stages of clothing and textile design in a system called Ormus Fashion introduced by Concept 2 Research of Saveridge in the UK.

The system is said to produce savings by allowing designers more freedom to experiment before embarking on the expensive process of making garment samples.

A small Ormus system for garment design, at less than \$5,000, is claimed to be the least expensive for this purpose in the UK. More comprehensive systems cost up to \$24,000.

As the designer sketches on an electronic drawing tablet, the result appears on the screen and can be squashed, stretched or otherwise modified. The machine can then be employed to turn the sketch into the pattern pieces that will be used to cut the material from which the final garment will be made.

Existing block shapes can be taken from an electronic library and adapted.

When satisfied, the designer can produce paper patterns and try them manually on a dress stand, making necessary changes and feeding them into the computer. Allowances for seams are automatically added.

The computer is also able to cost the garment and assist in lay planning, the process of arranging the pattern pieces on cloth from the roll. It can automatically grade the pieces for different sizes of garment.

The company also offers systems for textile designers allowing drawing and "painting" in colour on the screen.

WORTH WATCHING

Edited by Geoffrey Charlish

Optical success for Alvey

THE UK Government's Alvey programme, which sponsors research aimed at improving Britain's position in information technology, has chalked up a success with work just completed by Plessey, the UK electronics company, and the British Telecom Research Laboratories (BTRL) at Martlesham in Suffolk.

The gate array that Plessey has been developing under an Alvey programme in "one micron" technology has been customised by BTRL to produce a component for optical fibre transmission systems. British Telecom is Plessey's first customer for the array and other users are being sought.

The array, designated CD1014, allows equipment makers to incorporate exclusive circuits into their products, in relatively low volume and at reasonable cost.

Gate arrays are "chips" which contain ordered patterns of semiconductor elements which can be connected in ways to suit a customer's requirements. Element spacings on the new chip are only one micron (millionth of a metre) and the circuits can deal with data rates up to 2.8 Gbits/sec (2.8bn bits per second).

British Telecom needs such fast devices to exploit the high transmission speed of optical fibres on its long haul routes. It plans to raise speeds to 2.4Gbits/sec, allowing four times as many telephone calls to be carried.

Beaming orders to the kitchen

CHECKOUT Computer Systems of Dunstable, in the UK, is offering a hand-held order-taking unit for hotels, restaurants and pubs which should enable staff to give a faster and more flexible service to customers.

Known as Repos, the book-sized unit is a battery-operated, cordless terminal with liquid crystal display. Staff can enter customers' orders at the table and simply point the unit's infra-red beam at the nearest receiver, probably mounted on a wall.

From the wall receiver, the orders are sent directly to the kitchen over a cable, where they are printed out. Apart from key-representing table numbers, the unit has keys which are programmed according to the restaurant's menu. The waiter can move from table to table taking orders, without having to return to a central point or fixed terminal.

The system works with the company's other point-of-sale electronic equipment.

CONTACTS: GE Power Delivery: US, (704) 462 3600, Concept 2 Research: UK, 0438 314936, Plessey: UK, 0387 5561, Checkout Computer Systems: UK, 0582 471112.

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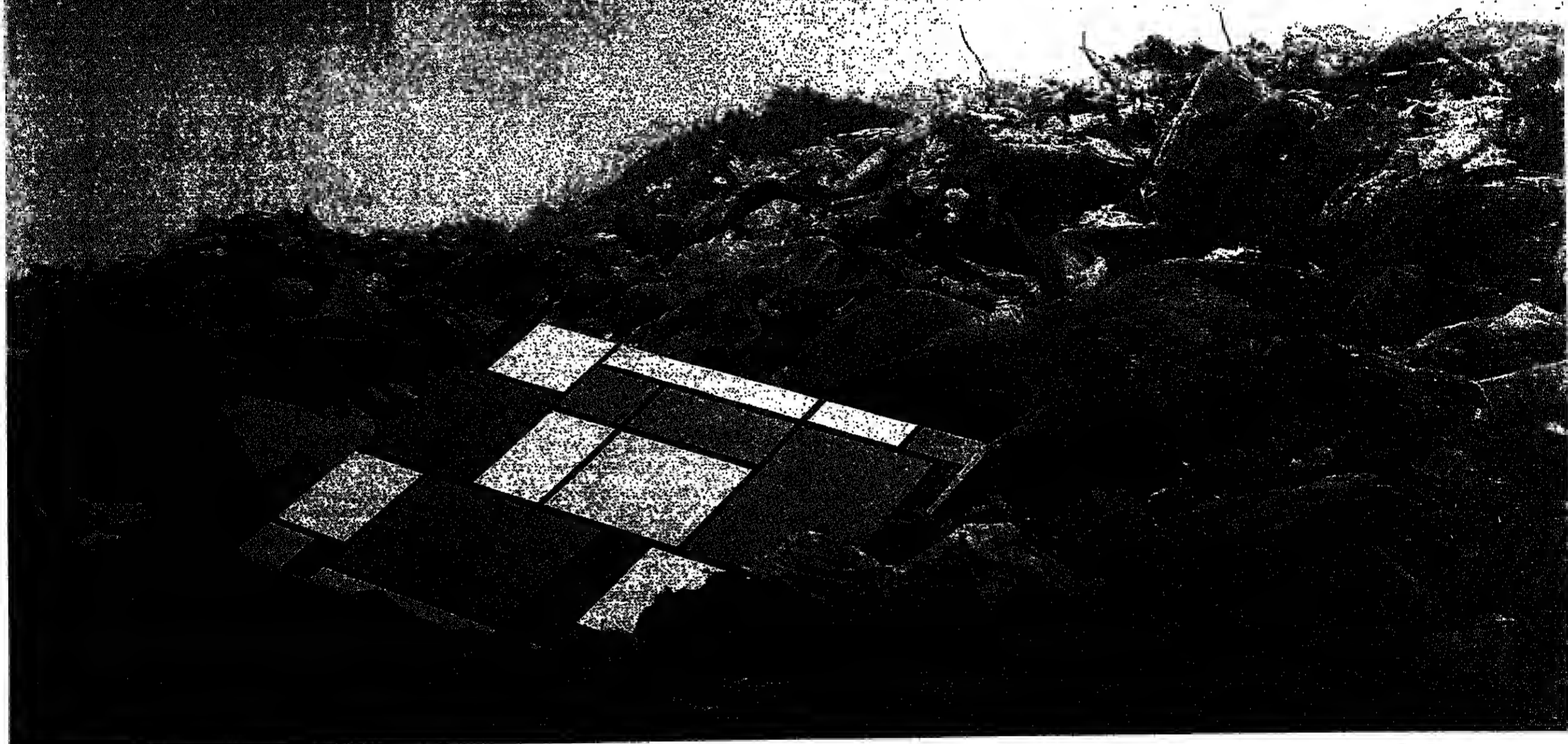
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FT LAW REPORTS

Guarantor wife loses the house

BANK OF CREDIT AND COMMERCE INTERNATIONALE SOCIETE ANONYME v ABOODY
 Court of Appeal (Lord Justice Slade, Lord Justice Balcombe and Lord Justice Woolf); October 28, 1988

A GUARANTOR is liable under her guarantee, though she was induced to sign by actual or presumed undue influence, if at the time of signing the assumption of risk was not manifestly disadvantageous to her.

The Court of Appeal so held when dismissing an appeal by Mrs Doris Aboody, from part of a judgment by Sir Joseph Cantley, in a claim by the Bank of Credit and Commerce International Societe Anonyme against her and her husband, Mr Edward Aboody.

LORD JUSTICE SLADE, giving the judgment of the court, said that Mrs Aboody was an Iraqi Jew. She was born in Baghdad and educated in French and Arabic. Her English vocabulary did not include the jargon of the law. Her family moved exclusively within the local Iraqi-Jewish community and observed its customs.

Business was not a matter discussed with women. That was a man's exclusive province. In 1948, at 17, Mrs Aboody was married by arrangement to Mr Aboody who was 20 years older than she was. Her father provided a dowry of £2,000, which passed into Mr Aboody's control.

In 1949 the couple settled in Manchester. They bought a house in her name with a further £2,000 from Mrs Aboody's father. They sold the house in 1964, and built another. It stood in Mrs Aboody's sole name.

In December 1959, Mr Aboody arranged for Mrs Aboody to be co-director and secretary of his company, Eratex Ltd. She had no training or experience in either capacity. Mr Aboody assured her that she would have to do nothing.

Between 1976 and 1980 Mrs Aboody signed three guarantees and three charges on her house to secure Eratex's liabilities to the bank. In May 1983 Eratex collapsed. Its collapse was accelerated by two factors. First, from 1979 to 1983 Mr Aboody and others perpetrated a series of massive frauds on the bank, of which Mrs Aboody was kept in complete ignorance; second, Mr Aboody caused Eratex to pay out over £200,00 to a brother-in-law

towards a scheme for selling land in Florida.

By June 8, 1983 Eratex owed the bank £288,651. The bank claimed under joint and several guarantees signed by Mr and Mrs Aboody.

The collapse of the business shattered the respect, trust and affection which Mrs Aboody had developed for her husband. They no longer lived together.

In the action Mr Aboody had no defence and suffered judgment by default. Mrs Aboody, who owned no assets except her house, strongly contested the proceedings. She challenged the validity of the transactions on the ground that they had been obtained by the "actual" undue influence of her husband.

Sir Joseph Cantley found actual undue influence by Mr Aboody was proved. He said Mrs Aboody signed any documents he asked her to sign, did not understand the legal jargon. She had complete faith and trust in her husband's integrity and business ability. His influence over her in relation to any transaction into which she entered was total.

The judge also found that in causing Mrs Aboody to enter into the transactions by undue influence, Mr Aboody was acting as the bank's agent.

However, in the light of the House of Lords decision in *Morgan (1987) AC 688*, the judge held that "manifest disadvantage" to the complaining party must be shown before a transaction would be set aside for undue influence.

He was not satisfied that manifest disadvantage to Mrs Aboody had been proved. At the time of signing, though the company's financial position was vulnerable, it was supporting Mr and Mrs Aboody in considerable comfort. Because of previous charges she would not have been any worse off for giving the guarantees, and there was a reasonable prospect that Eratex would succeed. He gave judgment for the bank in its claim against her.

The amount of that claim was substantially reduced because of a cross-claim by Mrs Aboody.

The bank's security had included a pledge over Eratex goods. It arranged for them to be held in a warehouse. By ingenious frauds on the part of Mr Aboody and two warehousemen, large quantities had been removed. The judge held the bank was in breach of a duty to Mrs Aboody to take

reasonable care to preserve the goods, and she was entitled to be relieved from her guarantee to the extent of the loss of the goods, calculated at £275,308.

Mrs Aboody appealed from part of the judgment.

The first ground of appeal was that a party who proved a transaction was induced by actual undue influence was entitled to have it set aside without also proving that it was manifestly disadvantageous to him.

Ever since *Allcard v Skinner (1887) 36 Ch D 145*, a clear distinction had been drawn between cases in which the court would uphold a plea of undue influence only if satisfied that such influence was affirmatively proved on the evidence ("actual" undue influence - Class 1 cases); and cases in which the parties' relationship led the court to presume undue influence unless evidence was adduced proving the contrary ("presumed" undue influence - Class 2 cases).

In Class 2 there were well-established categories of relationship, such as doctor and patient, which gave rise to the presumption of undue influence. The relationship of husband and wife did not give rise to the presumption. Nor did the normal relationship of banker and customer.

The present case was pleaded as a Class 1 case, so the onus fell on Mrs Aboody to establish undue influence.

Mr Wadsworth for Mrs Aboody argued that the House of Lords in *Morgan* directed its mind solely to Class 2 cases where the plea of undue influence was based on presumption, because actual undue influence had been disclaimed by Mrs Morgan's counsel.

In a number of cases subsequent to *Morgan* judges had described it as establishing that in all cases where a plea of undue influence was put forward, the party relying on it had to show the transaction was manifestly disadvantageous to him.

In none of those cases did the *dicta* form part of the *ratio decidendi*. Nevertheless they indicated a strong and consistent body of judicial opinion. The court would be slow to place an interpretation on *Morgan* quite contrary to that which appeared to represent the unanimous view of the courts in subsequent cases.

The generally accepted interpretation of *Morgan* was cor-

rect. In *Morgan* Lord Scarman indicated the views of the House of Lords as to the origin of the doctrine of undue influence. It was an equitable doctrine developed to cover a gap in the law by enabling the court to give relief where a disadvantageous transaction was unconscionable but unimpeachable by law. Lord Scarman's speech contained more than one reference to Class 1 cases, but contained no suggestion that in such cases the influenced party was spared the need to show disadvantage.

On the contrary, it appeared the House of Lords considered that in all cases of undue influence a disadvantageous transaction was the starting point from which the court proceeded.

The first ground of appeal was rejected. In the light of *Morgan* even a party who affirmatively proved that a transaction was induced by undue influence was not entitled to have it set aside on that ground without proving the transaction was manifestly disadvantageous to him.

The second ground of appeal was that each of the six transactions was manifestly disadvantageous to Mrs Aboody.

The question must depend on the balance of two factors: (a) the seriousness of the risk of enforcement to Mrs Aboody in practical terms, and (b) the benefits gained by her in accepting the risk.

After full and careful examination of the background to each transaction, the judge carried out that balancing exercise and concluded that no manifest disadvantage had been shown. There was no ground for disagreeing with his conclusion.

The bank submitted there was no undue influence.

The evidence and judge's findings showed that Mr Aboody deliberately acted, so as to conceal matters from his wife in a way which prevented her from giving properly detached consideration to her independent interest. If manifest disadvantage had been shown the court would have found actual undue influence proved.

The appeal was dismissed. For the bank: Hazel Williamson QC and Anthony Trace (Stephenson Harwood).

For Mrs Aboody: James Wadsworth QC and Nicholas Davidson (Richardson Butler).

Rachel Davies
 Barrister



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 Rome, 1 & 2 December 1988

This year's Forum brings together a remarkable panel of speakers. A major feature of the event is the **Jean Monnet Centenary Lecture** to be given by **M. Valéry Giscard d'Estaing, Former President of France**. The lecture is a fitting conclusion to the European conferences of the FT Centenary Year.

Among the other leading speakers are:

Avv Giovanni Agnelli Chairman Fiat SpA	Ing Carlo De Benedetti Chairman & Chief Executive Officer Ing C Olivetti & C SpA
On Bettino Craxi Former Prime Minister, Italy General Secretary, Italian Socialist Party	Professor Romano Prodi Chairman IFI
The Rt Hon Leon Brittan, QC, MP Former Secretary of State for Trade & Industry, UK European Commissioner Designate	Signor Carlo Ripa di Meana Commissioner to the European Communities
The Rt Hon Denis Healey, CH, MBE, MP Former Chancellor of the Exchequer, UK	Mr Samuel Brittan Assistant Editor and Principal Economic Commentator Financial Times
Dr Erik Hoffmeyer Governor Danmarks Nationalbank	Dr Michael von Clemm Chairman Merrill Lynch Capital Markets, USA
Dr Guido Carli Chairman Fiatimpresit SpA	Miss Haruko Fukuda Director The Nikko Securities Co (Europe) Ltd
Mr Alain Camu Director, Hill Samuel & Co Limited Managing Director, Petarcam Securities SA	Mr Winfried H Spaeh Senior General Manager and Chief Executive Officer Dresdner Bank AG, USA

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FT FINANCIAL TIMES CONFERENCES

ARTS

A talent to deceive

William Packer reviews "realist" artists Harry Holland and John Wonnacott

Of all the doubtful epithets useful to art study and commentary, "Realism" is perhaps the most comprehensively misleading. We use the word not to illuminate the more profound qualities of the artist's engagement with his material, but merely to discriminate between figurative works of various kinds.

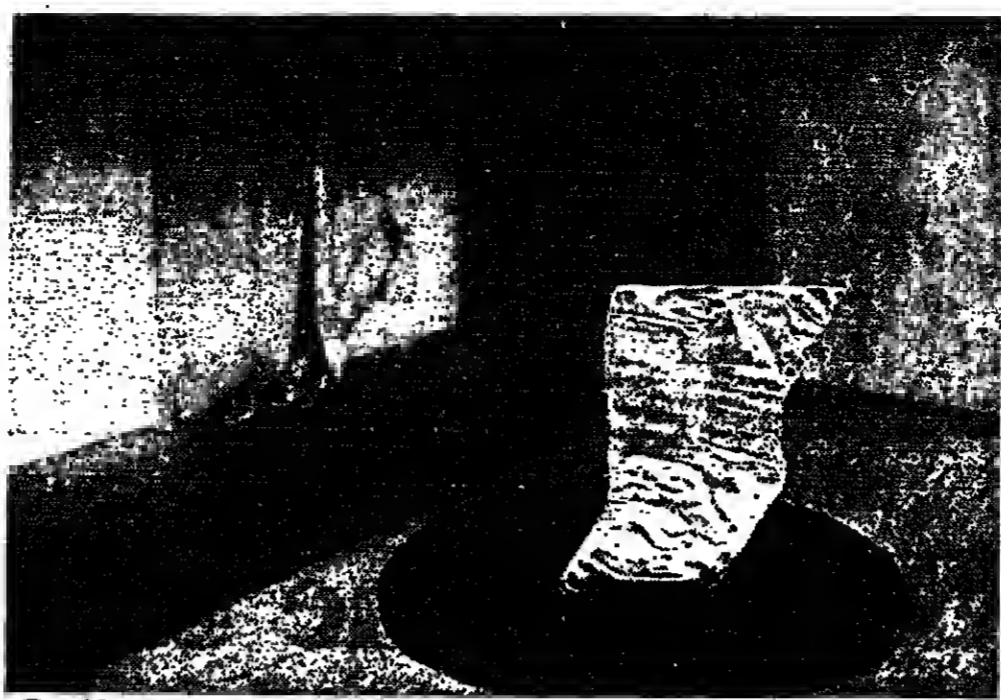
All art is artifice, and not real at all. Even the most painstaking of transcriptions from the visible world must resort to simplification, re-orientation, and the use of technical trickery in technique. Even the camera always lies, for the realist photo-realist can only mean an understanding and response to the nature of the depiction.

Solti's Bartok

The London Philharmonic's Bartok concert on Sunday in higher gear while next door to the Concertgebouw in Amsterdam. Devotees will be glad to learn that at the end of February the Hungarian State Opera and Ballet are bringing his stage triple-bill to Covent Garden, too.

Takacs' Bartok

In parallel with the series of Bartok programmes that Georg Solti is conducting at present with the London Philharmonic the Takacs Quartet is giving three recitals in the Elizabeth Hall that will include all six of Bartok's string quartets.



"Poseidon" by Harry Holland, 1988

indeed photo-realist painter, who recently seems to have achieved a significant move forward in his work. The photographic basis of his reference was always clear, most especially in his wide-angle view of the world and the forced perspective it imposed.

Armistice Festival

Described as "the first international artistic commemoration of the fall of the First World War," the Festival began on Saturday with a superbly chosen programme of composers George Britnerworth (killed on the Western Front), Albrecht Magnard (died while defending his country house against invading Germans) and Granados (struck his Channel boat).

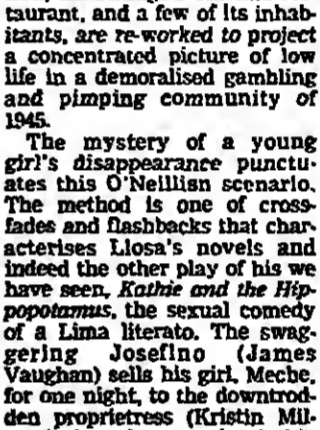
La Chunga

OLD RED LION

This compelling and sensual production, directed by Keith Hack, designed by Voytek and lit by Gerry Jenkinson - in other words, a first rank team - is another demonstration, if that is what is needed, of the importance in the scheme of things of such pokey, vaguely insubstantial and scandalously under-funded venues as the Old Red Lion.

Half a mile up the road, the Kings Head, an indomitable source of pleasure and West End transfers, is threatened by the strict application of safety regulations. And a few yards from there, the Almeida, the most consistently important showcase for new music and new theatre in London, is in the throes of its fascinating Theatre de Complicité retro-structure.

Michael Coveney



Irina Brook

Arrau at 85

BARBICAN HALL

From one celebrated octogenarian to another it was Arturo Schnabel who once remarked that the piano was like his playing of Beethoven because they thought it lacked the depth found by the greatest Beethoven pianists of the age.

Richard Fairman

score and in his serious, deeply considered playing the notes are weighed to within an ounce of their fullest possible significance.

Nowhere was this heard to greater effect than in the Adagio. A beautiful singing tone ran through the whole movement and at the lead-in to the reprise of the main theme Arrau, by broadening the piano a little and drawing from the keys their full weight of sonority, raised the sights of the concerto on to a visionary plane: a truly Beethovenian greatness of utterance, as Rubinstein would surely have acknowledged if he were still alive today.

ARTS GUIDE

OPERA AND BALLET

Royal Opera, Covent Garden. The company has taken over from Scottish Opera Nuria Rapp's wonderfully fresh production, in Edo Fregiero's marvellous sets, of Madame Butterfly. Catherine Malfitano, with Maria Zampieri, Macbeth conducted by Latham Koenig, with Maria Zampieri. Die verkaufte Braut conducted by Niklas Barck, with Joana Barck, Thomas Moser, Wilfried Gehrmlich. La Traviata conducted by Elio Boncompagni, with Sona Ghazvini. Die Zauberflote conducted by Nikolaus Harnoncourt.

November 4-10

New York Metropolitan Opera, the season's premiere of the double bill of Cavalleria rusticana and Pagliacci featuring Bruno Pola as Alfio, Gemma Dimitrova as Santuzza and Ermanno Mauro singing Turiddu in Cavalleria rusticana and Don Pasquale as Nedda and Ermanno Misuraca as Canio in Pagliacci.

THE ACCOUNTANTS' EXHIBITION 1988. 8th-10th November 1988 Barbican, London EC2. The 8 Nov: 1000-1800 Wed 9 Nov: 1000-1930 Thur 10 Nov: 1000-1700 Details: 01-749 9535

8th-10th November 1988 Barbican, London EC2. The 8 Nov: 1000-1800 Wed 9 Nov: 1000-1930 Thur 10 Nov: 1000-1700 Details: 01-749 9535

SALEROOM

Big price for miniature

An extraordinary record price for a miniature of \$252,000 was paid at Christie's yesterday for a 54mm high portrait of George Washington, wearing his general's uniform, painted by John Ramage. It was bought by the Alexander Gallery of New York.

Two Kakeemon jars and covers, sent via a photograph to Sotheby's in London from Paris, made exceptional prices of £165,000 and £93,500 to a Japanese dealer yesterday in an auction of Japanese works of art. They were recognised to date from around 1675.

LETTERS

Market forces and regional policy

From Professor J.C. Shaw. Sir, Scottish Financial Enterprise has urged that the Eiders XL bid for Scottish and Newcastle be referred to the Monopolies and Mergers Commission (MMC) because of anxieties about its regional implications. These regional issues are of concern not just to Scotland, but to the whole UK.

It is now widely accepted that exposure to free market competition is an effective spur to enhanced economic performance, and that protection from competition will lead to decline. In this particular case, I have written to the Royal Bank of Scotland (October 27) that it would only "become smaller and smaller" if it clings to a "Little Scotland ticket".

No one in the Scottish financial community carries a "Little Scotland ticket". Professor Shaw's proposal is a classic financial players' bid to be protected from international competition from financial centres much bigger than Edinburgh, Glasgow, Dundee, or Aberdeen. These world class players have a long history of growing, creating employment and opportunity. They provide role models as well as evidence of the professional and personal satisfactions available in this region for young people of talent.

Surviving, regionally-based, non-financial businesses suffer loss of service from contraction of the local financial sector. So the loss of local business heroes weakens the regional community both directly and indirectly. The national distribution of economic activity and of professional opportunity are both of fundamental importance to the well-being of the regions. Concerns expressed over other bids for regionally-based companies - Pilkington, for example, and Rowntree - shows how widely and deeply these anxieties are felt. So does the recently published Confederation of British Industry (CBI) survey on business men's attitudes to non-UK takeovers.

The set-aside scheme could usefully be extended

From Mr Michael Parker. Sir, I see in the Financial Times (October 29) that the Minister of Agriculture is reported as being satisfied with the response to the cereal set-aside scheme. He considers it a success, in that it will set-aside some 220,000 acres of otherwise productive land at a cost of only about £11m per annum to European tax payers, thus reducing the grain surplus.

It seems only reasonable that in a democratic society - and in accordance with the principles of the Treaty of Rome regarding unfair treatment of one sector of agriculture compared to another - a similar set-aside scheme should be set up for other parts of the agricultural industry.

Paradoxically, as the local financial community benefits from international growth in free financial markets, it suffers decline at home, as these players transfer out of the local community economically important business decisions. The trees would be more worthwhile. The trees would remove CO2 from the atmosphere, thus counteracting the greenhouse effect. The result: forests would modify the climate, increasing the rainfall over northern Africa, thus reducing drought and famine, becoming a valuable resource for future generations.

The Sahara is comparatively handy, one and a half hours by jet is reasonable, some Australian and Canadian farmers take longer than that to drive to their farms. The world would suit agricultural skills. And the scheme would be flexible: a farm could be put down to grass for any number of years, and returned to arable at short notice.

Charity is a flexible friend

From Ms Usha Prashar. Sir, Michael Prowse (October 31) offers an excellent analysis of the current debate on charity, but a couple of points warrant comment.

Rather than promoting a statutory commission to "supervise" non-charitable voluntary organisations, as he suggests, the National Council for Voluntary Organisations (NCVO), an umbrella body with 805 member organisations, voluntary and charitable, is setting up a working party to examine the whole area of efficiency and effectiveness in the voluntary sector, both charitable and non-charitable.

An essential part of the task will be to ensure that voluntary organisations take whatever action is needed to secure the highest standards in financial administration, management and service provision.

Hey, big spender

From Mr David Soskin. Sir, in response to the Chancellor's Autumn Statement, Joe Rogaly ("Fighting on when war is over", November 4) raises the issue of whether or not the "pendulum has swung too far" with respect to the level of public spending.

Gross domestic product (GDP) is not a correct measure of national income. Net national product is the correct measure of national income. Measuring state expenditure against this measure shows that the state spends about 60 per cent of the nation's income. The real issue is whether or not it is justifiable for the state to take and spend 20 per cent of a citizen's income.

A successful solution adopted by a number of companies is to use this time as opportunity rather than inconvenience, by seconding the employee for a short period to a community organisation. A tailor-made assignment can be arranged through ARC to suit the needs of the employee, with the added benefit of bringing back into the company a greater breadth of working experience.

She has been twanging her harp among the angels for some time

From Mr Richard Stead. Sir, I was unaware that Mrs Thatcher was already an experienced harpist, and that she controls our little country from the privileged ranks of the angels.

law. Signs of this nationhood are passports of common origin, and identical driving licences. There is a confusion which supports the idea that a common nationhood requires a single currency and a central bank. This is quite unnecessary - arguably undesirable.

Instead of worrying about a central bank for Europe, the Prime Minister should follow her natural instincts, and denationalise the Bank of England, freeing the right to issue currency. Who would not find a Marks and Spencer jumper (we promise to pay the bearer on a more solidly valuable note than a pound (of what?)). It was once a pound of sterling silver: who was it who defrauded us?

Envy is blind

From Mr Keith McDowell. Sir, in "The powerful importance of company cars" (November 2) Michael Dixon points out that "the ultimate conclusion of the British Government's present tax policy might be to remove large-scale manufacture from the UK altogether."

Not for the first time, the reason will be the blind envy of the Inland Revenue, irked that it does not have "company cars". Yet the car perks system in the UK was actually invented by some industrialists, through incomes policies. Among ways of circumventing these artificial devices came the company car - and out of it came, just when the UK needed it, a way to save Jaguar, Rover and Rolls Royce.

Stepping stone

From Mr Andy Powell. Sir, The plea by the Working Mothers' Association, for employers to provide mothers returning to work with flexible working conditions for a "settling-in period", raises the question of how - given the difficulties presented in finding part-time work.

FOREIGN AFFAIRS

Things are rarely what they seem

Mrs Thatcher left Gen Jaruzelski only reflected glory and food for thought, writes Robert Mauthner

After General de Gaulle had ignited the nationalistic ardour of the French-speaking population of Quebec with his famous cry, "Vive le Québec libre", it was made clear to him by the Canadian Government that he was no longer welcome in the country.

market economics in Poland came as much less of a shock to the regime than they would have done a few years ago and many of them fell on already fertile ground. Indeed, it was clear even before the twice-postponed visit took place, that all parties concerned were intent on using Mrs Thatcher's presence in Poland to further their own particular purposes.

FOREIGN AFFAIRS

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complaints about Mrs Thatcher's public declarations. For Solidarity, all that mattered was that Mrs Thatcher should be seen and heard to support its demands for a pluralistic political system in which democratic freedoms, including the right of Solidarity to exist, were respected.

Though it might not have seemed so at first, Mrs Thatcher in fact broadly satisfied all her clients, as well, of course, as earning popularity bonus points for herself. Even though she made too much fuss of Solidarity for the taste of the Communist leadership, elevating it to the status of an official opposition movement in a democratic society, the Prime Minister also did some of the Polish government's work.

FOREIGN AFFAIRS

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whose consent no fundamental political change can be contemplated in Poland. It was not for nothing that Mrs Thatcher constantly underlined "the bold and courageous reforms" that Mr Gorbachev has undertaken. The linkage which Mrs Thatcher established between economic and political reform is one that Mr Gorbachev himself has accepted, and therefore could hardly be rejected by the Polish leadership.

Yet, at the end of the day, Mrs Thatcher's visit was a very one-sided affair. It allowed the British Prime Minister to fly home in a blaze of prestigious publicity, while the Poles got little or nothing of a concrete nature, least of all an undertaking that Britain would support an early rescheduling of their huge, mountain of official debts. To be offered only reflected glory and food for thought at a time of deep economic and political crisis was a bitter pill for the Warsaw government to swallow. One can only admire the restraint and polite good humour with which the medicine was taken.



'We live in abject terror'

From Mr J. Redgrave. Sir, Noting Raymond Hughes' recent articles relating to barristers' clerks (Financial Times, October 3 and August 10) I should like to draw your attention to recommendation 34.1 of the 1979 Royal Commission on Legal Services (Cmd 7648).

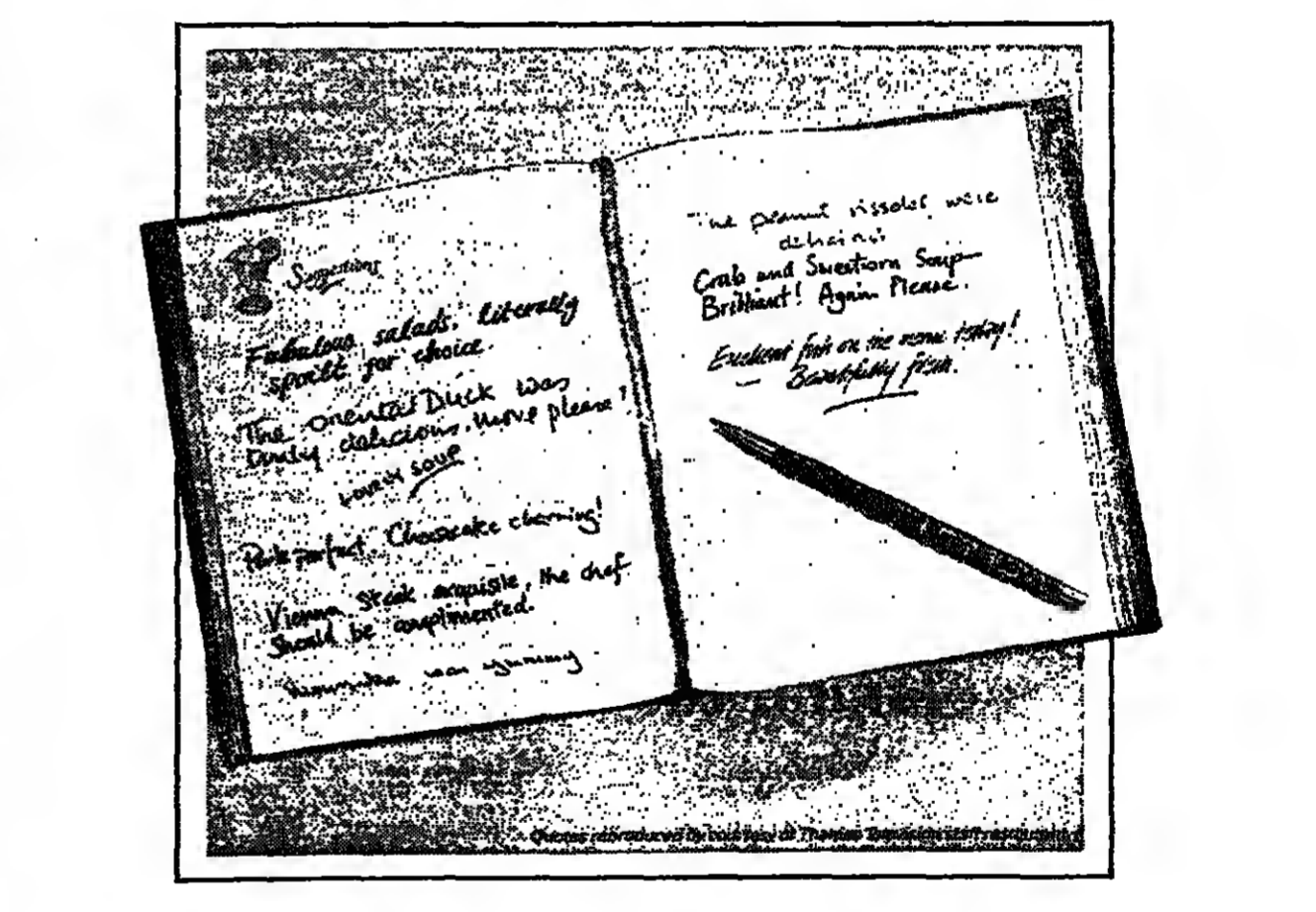
We live in abject terror

In the recent words of Professor A.W.B. Simpson: "Their relationship to barristers, though formally one of subservience, is reality more closely resembles that of a farmer with his livestock... parasitic upon their hosts, for they take a percentage of their earnings. Some make enormous incomes, and young barristers live in abject terror of their displeasure." (Invitation to Law, 1988: pages 156-7. Blackwell).

Stepping stone

From Mr Andy Powell. Sir, The plea by the Working Mothers' Association, for employers to provide mothers returning to work with flexible working conditions for a "settling-in period", raises the question of how - given the difficulties presented in finding part-time work.

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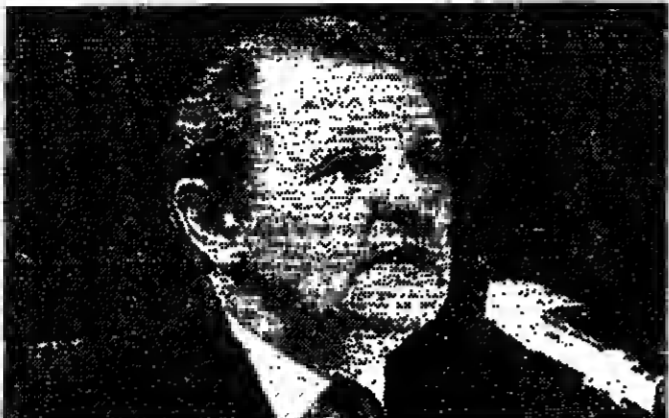
Tuesday November 8 1988

THE TRENCH CONNECTION CONSTRUCTION EQUIPMENT

Economic time bomb for Prague

Leslie Colitt examines an explosive government-sponsored report

Czechoslovakia's conservative leadership, which has stubbornly resisted Soviet-type reforms...



Czech Communist Party leader Milos Jakes: unwilling to yield political ground to economic reform

uct, once among the highest in Europe, was now at the level of Portugal...

But this pessimistic view, he argued, was as incorrect as that of the dogmatists.

Despite the ousting last month of Mr Lubomir Strougal, the Prime Minister...

ing at an ever faster rate. Economic growth slowed to 2.2 per cent last year...

Simultaneously, Prague's trade deficit with the West is growing. The previously low hard-currency debt rose to \$5.5bn last year...

His article pointed out that the advocates of streamlining failed to see that the Czechoslovak crisis was one of over-production of goods...

Mr Jakes and Mr Adamec would have to get the "awakening masses" on their side...

Cheers for the red, white and blue

By Timothy Harper in London

SOME DRINKS invented for tonight's US presidential election parties in London...

Of course, such a relatively insignificant matter as the election's outcome will not severely damage the parties...

The party will begin at 10pm on Monday, when there will be a red, white and blue buffet...

The majority of our guests will be British, the ambassador says.

About 500 people are expected between 9pm and 3am at the National Liberal Club...

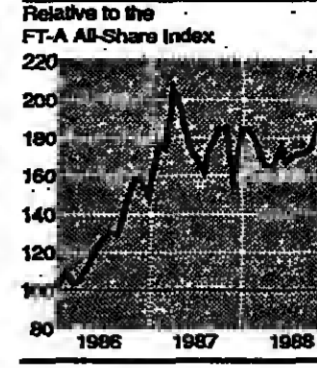
Mr John Wood, the chairman of Republicans Abroad, says a presidential election is an excellent opportunity...

Mr Roy Hattersley, Labour's home affairs spokesman, said that the nationing of TV franchises would adversely affect quality...

Putting a price on free TV

Getting the broadcasting white paper over and done with could well turn out to be the best thing that has happened to the ITV companies in months...

TV Companies Index



Even those investors who would not know a cable if they were tripped over it must now be able to do the simple calculation that more channels means greater demand...

GrandMet If yesterday's poison burger is the best defence Pillsbury can produce after five weeks of cogitation...

S & N The appearance of Scottish & Newcastle's bid defence only days before a decision is expected on referral gives it a slightly inconsequential air...

HK Telecom The steady reduction in the size of the Hong Kong Telecom communications issue is the best argument yet for dissociating the market price of Cable & Wireless from that of its subsidiary...

ABF Associated British Foods' slightly moulty profits from milling and baking may have upset Goodman Fielder...

from the obvious one that the price is not enough - is that Elders is much more highly geared than it admits.

True, the government will no longer be in the business of issuing the broadcasters with licences to print money...

food company proper worth a further 20c, as GrandMet calculated at the outset...

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Minister quits after Koskotas disappears

By Andriana Ierodiakonou in Athens

MR TASSOS SEHLOTIS, Greece's Public Order Minister, resigned yesterday following the disappearance of Mr George Koskotas...

rumours that Mr Koskotas had fled the country by sea. A warrant has been issued for his arrest.

Mr Constantine Mitsotakis, the Conservative opposition leader, immediately demanded the Government's resignation...

Forty eight hours is more usual. In disappearing, Mr Koskotas left behind a business empire built up in the past six years...

Rome split on Euro-commission nominees

By John Wyles in Rome

AN UNUSUALLY heated debate over Italy's choice of two nominees to the next European Commission is coming to a climax ahead of a visit to Rome on Friday by Mr Jacques Delors, the Commission President...

Both Mr Ciriaco De Mita, the Christian Democrat Prime Minister, and Mr Bettino Craxi, the Socialist leader, have appeared reluctant to make up their minds in recent weeks over appointments which are invested with greater importance than ever before as 1992 approaches...

quality could deny Italy a key portfolio in the Commission next January. As a result, Mr Craxi may now be leaning against the reappointment of Mr Carlo Ripa Di Meana...

didate whose name has recently reappeared is Professor Giuseppe Guarino, a former member of the European Parliament...

Rival says Gandhi took arms deal money

Continued from Page 1

Mr Gandhi is accused of depositing more than Rs30m (\$5.2m) in a Swiss account after taking commissions in a controversial \$1.4bn howitzers deal with Bofors...

disclose further details shortly. Mr Singh said he would renounce public life if the Prime Minister was able to prove that the information was incorrect...

one in which such accusations have been made in public. It marks the beginning of the opposition's election campaign in which corruption in public life will be a central issue...

that details of "winding up" payments made to a Bofors agent are being mentioned again. The only difference is that this time it is Mr Gandhi and not the agent who is the target.

World Weather table with columns for location, temperature, and weather conditions.

UK plan for TV industry shake-up

Continued from Page 1

be bad. While there was a great deal of rubbish on US television, he said, there were specialist channels giving news, opera and sport at all hours and this allowed a choice not present in the UK.

the BBC was determined to play an active part alongside the new competition. Mr Michael Checkland, BBC director, expressed surprise at the decision to franchise the night hours on one BBC channel...

Mr Marmaduke Hussey, chairman of the BBC, said the policy document set a framework for the coming years, and Mr John Whitney, director general of the Independent Broadcasting Authority, said the IBA would be advising caution on the future role of ITV

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Hong Kong Telecom share sale likely to raise record HK\$4bn

By Michael Murray in Hong Kong

THE HONG KONG subsidiary of Cable and Wireless, the UK-based telecommunications group, plans to raise HK\$4bn (US\$512m) next month through an international share offering and placement, the largest such exercise ever mounted by a Hong Kong company.

suaded HK Telecom, which had previously said that up to 11 per cent of its shares would be sold, to trim the size of the offer. "The 11 per cent number has become somewhat fixed in people's minds," said Mr Mike Gale, HK Telecom chief executive.

ment in Hong Kong, an international placement aimed primarily at continental Europe and Japan, and a public offer in the US, where the shares will be listed on the New York Stock Exchange. The size of each offer and the price will be decided in early December. Between 425m and 500m shares will be sold in Hong Kong, through a placement with institutions and a public offer for sale. Existing shareholders and company employees will have preferential rights.

FDIC gives ground in rescue talks with Texas bank group

By Anatole Kaletsky in New York

MCORP, the troubled Texas bank holding company which announced last month that it would be asking for large-scale assistance from the US Government, appears to have won a crucial victory in its struggle to retain some control over its own future.

was to be provided by a rights offering to existing shareholders as well as an major investment by Mr Carl Lindner, a leading financier from Cincinnati. Mr Bishop's plan was threatened two weeks ago, when federal regulators told him that all of MCorp's remaining funds had to be committed immediately to the support of its insolvent banking subsidiaries.

Trading in Thomson, Suter shares stopped



Trading in Thomson T-Line and Suter shares was suspended by the UK Industrial Holdings Companies Commission, which announced that agreement in takeover talks. Thomson T-Line's 275p offer for Suter (left), values it at \$32m (\$60m). Suter shares were suspended at 241p and Thomson at 71p. Page 30

S&N fortifies defences against Elders' takeover bid The battle between Scottish & Newcastle Breweries and Elders (UK) intensifies as S&N accuses the Australian group of trying to buy it on the cheap. S&N, which expects this week to hear whether the bid will be referred to the Monopolies and Mergers Commission, urged shareholders in its defence document to reject the 24 pence offer from the Foster's larger brewer. Lisa Wood reports on the latest in the confrontation between the breweries. Page 32

Ford hauls its tractor unit into profit for 1989 Ford New Holland, Ford Motor's tractor and farm machinery arm which sank into the red in 1986 and 1987, will be back in the black this year and is budgeting for a profit in 1989. The agricultural equipment company claims a 13 per cent share of the world market, putting it behind Massey-Ferguson of Canada. Page 22

Ukrainians look forward to the sweet promise of perestroika The soil in the Soviet Republic of Ukraine would be revived by sugar beet farmers around the world, but not the conditions. Farms tackle modern tasks with out-dated equipment and women and men must compensate for the shortcomings of Soviet machinery with physical labour long abandoned in Britain. David Richardson visits a sugar beet farm in the Ukraine which is looking forward to the changes promised by perestroika. Page 48

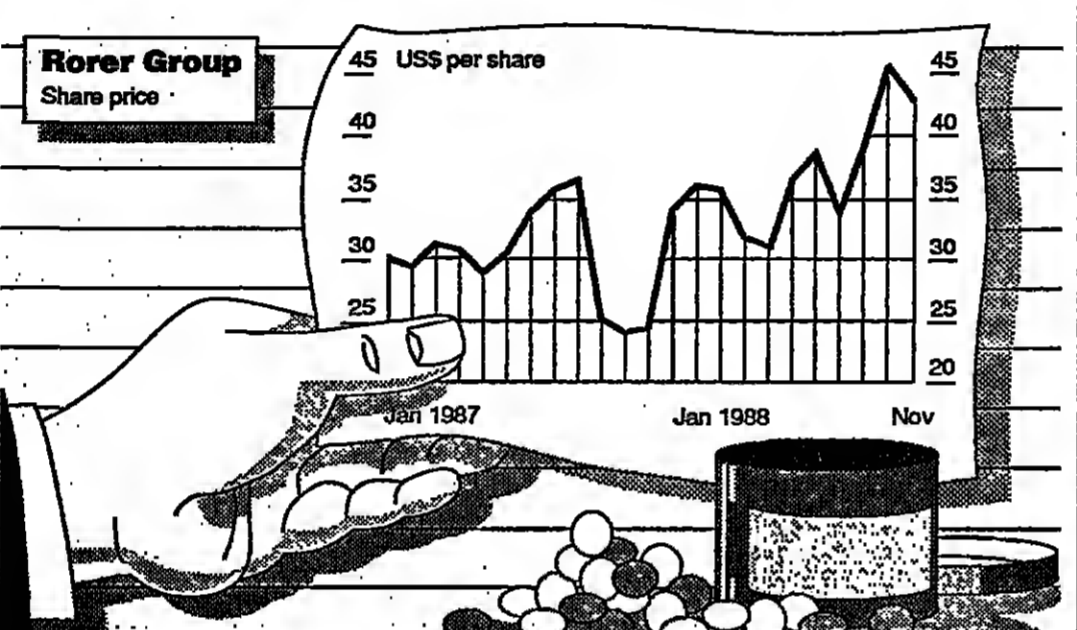
Sydney faces a brighter future in US markets The US has opened its futures market to the Sydney Futures Exchange in a landmark decision which gives its members outside the US permission to offer its products to the American public without registration. The Sydney Exchange believes it is the first to gain full access to the US for the sale and marketing of its futures and options contracts. Page 27

Market Statistics table with columns for Base lending rates, Benchmark Govt bonds, European options, etc.

Companies in this section table listing various companies like AB Foods, AP Screenprinters, Apollo Watch Prods, etc.

Chief price changes yesterday table with columns for Frankfurt (DM), Paris (FF), New York (\$), Tokyo (Yen).

LONDON (Pence) table listing various stocks like British, British Am, British Ind, etc.



Rorer searches for the cure to takeover chills

James Buchan examines the challenges facing a US drugs group as it tackles its 'Mission Impossible'

Mr Robert Cawthorn, chairman of Rorer Group, has a terrible job. He has taken an obscure maker of pharmaceuticals and surgical devices and tripled its sales to \$1m. Now he must double the Philadelphia company again in size to give it the weight in research and marketing to survive in the prescription drug industry.



Robert Cawthorn: soft-spoken and opportunistic

The takeover gave Rorer some promising new products and a research establishment, which is now absorbing the best part of \$100m a year. He offered \$2.6bn for one of the most talented corporate properties in the US, the AH Robins over-the-counter drugs group. The company was in bankruptcy, because of a deluge of damage suits arising from its Dalkon Shield intra-uterine device. Even Rorer's own board was worried. But Mr Cawthorn believed the two companies could fund a trust for the injured women and still form a powerful business combination.

Mr Cawthorn does not have much time. Late last month, Rorer stock jumped more than 10 per cent in a matter of moments, amid rumours that Hoffmann-La Roche was about to snap up the company. That particular rumour has subsided. But Wall Street believes Rorer is a prime target for a European company trying to break into the US.

strengthened. In 1986, Maalox stabilised, sales rose 17 per cent to \$200m in 1987 and this year they are approaching \$240m. The company now has a separate consumer products division, based round its great cash generator and Aspirin, an aspirin coated with Maalox to prevent stomach upset through repeated dosage.

It was the kind of takeover middle management hate. The new acquisitions had \$20m in sales, scarcely less than Rorer itself. Nobody's job was safe. But after a year of ructions, Mr Cawthorn had a new company based round five product areas: gastroenterology (essentially Maalox), cardiovascular products, plasma fractions, and treatments for brittle bones and hypersensitivity (chiefly asthma). Rorer also had a strong business in West Germany.

Bond opens talks on sale of TV stake

By Ray Bashford in London

MR ALAN BOND, the Australian entrepreneur, is poised to make further asset sales. Negotiations have reached an advanced stage for the sale of ITC, a film and television production company, and a 14.9 per cent stake in TV-am, the British breakfast television franchise, which would have a combined price tag of between £80m and £85m (\$150m).

The sales would follow the disposal last week of a 14.9 per cent holding in Standard Chartered, the international banking group, for £165m and a 13.4 per cent stake in M&G, the fund management group, for £31m.

St Gobain buys 3% of Essilor optical group

By Paul Betts in Paris

SAINT GOBAIN, the French glass and packaging group, has acquired a 3 per cent stake, worth about FF150m (\$130m), in Essilor, the optical glass company which has become the world leader in the spectacle glass market.

Crédit Lyonnais and St Gobain now controlled about 46 per cent of voting rights. "This still makes a takeover bid against us mathematically possible but I think the presence of partners like St Gobain and Crédit Lyonnais should make anybody think twice before launching a hostile bid," he said.

The purchase will reinforce control of Essilor by its management and friendly shareholders to avert the threat of an unwelcome takeover bid. It is also designed to provide Essilor with a strong industrial long-term partner to back its international development.

Essilor's net profit margin should reach 7 per cent of sales next year. Essilor's move reflects a trend among France's smaller successful independent companies seeking friendly partnerships with larger groups to protect against hostile takeovers.

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INTERNATIONAL COMPANIES AND FINANCE

RJR Nabisco board split over management buy-out

By Anatole Kaletsky in New York

THE \$20bn-plus takeover battle for RJR Nabisco continued to intensify yesterday as signs emerged of a possible split between some members of the RJR board and the senior managers who have been trying to buy the giant tobacco and foods group.

Controversies have arisen over the levels of compensation proposed for senior managers under the buy-out offer announced by the management group last week, as well as over the entry into the takeover fray of an investor group led by Forstmann Little and Procter & Gamble.

The possibility of a split between the management and the special committee of outside directors that has been charged with evaluating all the bids, increased the chances of an open auction for control of the company. RJR's shares climbed by \$1 to \$96 1/4 in active

trading yesterday morning, despite the general weakness of equity prices on Wall Street.

One of the issues that has raised eyebrows, according to people familiar with the bidding, is the management group's plan to give senior managers an equity stake of up to 20 per cent in the \$20bn-plus buy-out in exchange for an investment of only about \$20m.

However, a more significant difference of opinion emerged over the possible bid by Forstmann Little. The management group's advisers have suggested that Forstmann Little could be in breach of an earlier undertaking it made not to bid for RJR except with the management's consent. The Forstmann group's advisers indicated, however, that they had made no such agreement with the management team.

There were also suggestions

that the RJR board positively welcomed the entry of a third potential bidder to ensure "a horse race" over the company's future. The next step in the battle could be for the RJR board to lay down publicly a set of ground-rules that would ensure equal participation in an auction by all three potential bidders.

RJR has made confidential financial information available to the Forstmann group and Forstmann is expected to decide within the next few days whether to make a bid. The group, which includes Procter & Gamble, Raleton Furina and Castle & Cooke, a major fruit canner, has said that if it did bid, it would make an all-cash offer that would top the two proposals now on the table - a \$92-a-share offer from the management-led group and a \$90 offer from Kohlberg Kravis Roberts.

Midland Bank beats path to Vitale's door

By Alan Friedman in Milan

THIS EVENING in London, a small team of executives from Britain's Midland Bank will sit down to negotiate with a houncy 50-year-old banker from Milan. The banker's name is Mr Guido Roberto Vitale.

In his native Italy, Mr Vitale is known as the man who 15 years ago set up Euromobiliare, an investment bank that is today one of the very few institutions able to compete with Mediobanca, the powerful *numero uno* of corporate finance.

The Midland-Euromobiliare talks are significant because they stand a reasonable chance of leading to a deal under which Midland could become the first UK clearer in Italian finance. Put simply, the negotiations concern the acquisition by Midland of an equity stake

in Euromobiliare, which would boost the UK bank's overall stake from around 3 per cent at present to around 40 per cent. This would bring with it effective control of Euromobiliare.

The sum of money being discussed - believed to be around \$65m to \$75m - is not so large by global banking standards, but the implications of a Midland-Euromobiliare alliance are considerable, at least in Italy.

For Midland, a deal with Euromobiliare would give the British bank a substantial position in an evolving market. Euromobiliare, since being founded in 1973, has been one of the most ardent advocates of consolidated balance sheets, externally audited accounts and other practices that have been slow to take root in Italian finance.

With a staff of 97 people, 40 of whom are engaged in corporate and stock market activities, Euromobiliare has been active in underwriting new share issues, in mergers and acquisitions business, in portfolio management and in Euro-bond trading.

The Milan bank, thanks to a merger a few years ago with Confindi, a fund manager, has 2,000 "high net worth individual" clients with £600m (\$450m) in funds. Last April, Euromobiliare became the first private-sector institution since 1939 to be awarded a formal banking licence. It has in recent months attracted around £60m of deposits at its single Milan branch and Mr Vitale has described his goal as trying to be an Italian version of Brown Brothers Harriman, a boutique bank aimed mainly at

corporate and wealthy individual clients.

Mr Vitale himself is an aggressive and shrewd deal maker in Italian finance and his personal standing is such that he was considered a few years ago as a possible chairman of Consob, the Italian stock market authority. Among his most important deals are two associated with Mr Carlo De Benedetti, who is a key Euromobiliare shareholder. In 1978, Mr Vitale engineered the purchase of Mr De Benedetti's first share stake in Olivetti.

In 1985, in a deal that was considered audacious in Italy, Mr Vitale helped Mr De Benedetti to swoop in on the Buitoni family, which was about to sell control of its foods group to BSN Gervais Danone of France. Mr De Benedetti

succeeded in taking over Buitoni just as Mediobanca was putting the finishing touches on the sale to BSN.

For Midland, effective control of Euromobiliare would thus represent a key step into a market dominated by just a few major players. Euromobiliare did make a £13.8m loss in the 12 months that ended last June, but this was largely a result of securities write-downs that hit most Italian banks.

One indication of the seriousness of the talks is the fact that Mr Vitale will be accompanied in London by a representative of Euromobiliare's three biggest shareholders. They are, aside from Mr De Benedetti, Mr Raul Gardini and Mr Silvio Berlusconi. The three together control 45 per cent of the Italian investment bank.

Pebereau anxious to resolve SocGen 'misunderstandings'

By Paul Betts in Paris

MR GEORGES PEBEREAU, the former chairman of France's CCE telecommunications and heavy engineering group who has accumulated with a group of financial partners a 9.16 per cent stake in Société Générale, the largest French privatised bank, yesterday extended an olive branch to Mr Marc Viot, SocGen's chairman.

Speaking for the first time since his controversial raid on Société Générale, Mr Pebereau said he was anxious to hold talks with Mr Viot and the bank's management to try to iron out what he described as "misunderstandings" over his intentions.

Surrounded by his principal French backers, including Mr François Dalle, the former chairman of L'Oréal, Mr Jean-Louis Descours, the head of the André shoe group, and Mr Gustave Leven, the chairman of Ferrer, Mr Pebereau said he wanted to work with, and not against, Société Générale. He added that he had no immediate

plans to raise his stake further in the large bank.

"In five years' time, I would rather have 10 per cent of a highly profitable bank than 30 per cent of a bank with an average performance," he said, emphasising that he and his partners regarded their stake as a "long-term investment."

Both Mr Pebereau and Mr Dalle scoffed at suggestions of their involvement in underhand political manoeuvres to destabilise the core shareholding structure of Société Générale, and Mr Pebereau claimed "we are not raiders and we are not interested in short-term speculation."

"I am not involved in any political operation. Why should I be bothered? It would be completely foolish," said Mr Dalle. Referring to Mr Descours and Mr Leven, Mr Dalle said he had joined "two old friends" in the investment. "We are three 70-year-old golden boys who want to do business," Mr Dalle said.

However, Mr Pebereau's con-

ditionary statements have not mollified Société Générale, although the bank yesterday opened a crack for possible talks with Mr Pebereau. However, it indicated in a statement that it remained highly suspicious of Mr Pebereau's intentions and underlined its opposition to the presence of the state Caisse des Dépôts financial institution as one of Mr Pebereau's allies. Société Générale also reaffirmed its opposition to the presence of a dominant shareholder in its capital.

Mr Pebereau indicated yesterday that if talks with Société Générale's management failed to unblock the situation, he would envisage negotiating directly with the privatised bank's other shareholders. He also did not rule out further purchases of Société Générale shares.

The French banking committee yesterday gave Mr Pebereau full authorisation to raise his stake in Société Générale above 10 per cent.

Lawson Mardon rises 84%

By Maggie Urry

LAWSON MARDON, the Canadian-based packaging group which has substantial interests in Europe, yesterday reported third-quarter figures showing after-tax profits 84 per cent up at C\$14.5m (US\$11.5m).

However, the figure includes an after-tax gain of C\$7.1m associated with Impetus Packaging, a joint venture company set up with MB Group of the UK to make and market beverage bottles in Europe.

Excluding that gain, third-quarter profits were slightly lower. Lawson Mardon said this was largely because it had been difficult to pass on the sharp rise in raw material costs in the plastic flexible packaging business and because of the absence of profits from the North American forms business, sold during the first half of the year.

Good performances were achieved by the North American packaging operation, where margins are rising, and the European rigid plastics activities.

In the nine months so far this year, after-tax profits are ahead by 69.3 per cent to C\$32.5m.

Ford's farm unit ploughs ahead

New Holland sees sales rising by up to 8%, says Nick Garnett

Ford New Holland, Ford Motor's tractor and farm machinery arm which slid into the red in 1986 and 1987, will be back in the black this year and is budgeting for a profit in 1988.

Ford's agricultural equipment company sold almost 50,000 farm and industrial tractors last year and claims a 13 per cent share of the world market. This puts it behind Massey-Ferguson of Canada and Italy's Fiat and about level with Case IH of the US.

Mr Gorham Cowl, executive vice president for marketing and sales, said in an interview that the company expected to increase its unit sales by between 7 and 8 per cent for the whole of 1988.

This would raise its overall market share by one percentage point in an industry that has seen some recovery from the catastrophic slide in farm demand at the start of the 1980s.

Ford acquired New Holland, a manufacturer of combines and other harvesting equipment in 1986 for \$380m and the following year bought for about \$90m Versatile, a Canadian maker of large articulated four-wheel-drive and bi-directional tractors.

Mr Boh Moglia, Ford New

Holland's chairman and chief executive, speaking at headquarters in New Holland, Pennsylvania, said the company was probably finished with acquisitions. "I think we needed to do something. Now that we have done that we are in a strong position," he said.

However, the company is understood to be looking at the possible purchase of at least one equipment maker. Some senior managers also believe Ford New Holland needs to add some extra types of equipment - by acquisition - to its industrial lines to help give dealers higher margins.

Ford New Holland has joint manufacturing or supply deals with other companies. Out of its 90,000 tractor sales, 13,000 last year were so-called compact tractors up to about 40hp made for Ford by Shibaura in Japan.

Mr Moglia said there were no plans to sell higher horsepower Shibaura tractors but that did not mean that this possibility had been ruled out.

The US company also entered into an agreement recently to buy from Kubota of Japan several thousand transmissions a year for 40hp to 70hp tractors. The transmissions have been jointly designed by the two compa-

running behind schedule. "We are not going to crunch them together in Europe," said Mr Bob Nicolazzi, vice president for international sales.

New Holland is the second largest supplier of combines in Europe, with 21 per cent of sales, behind Claas of West Germany which has more than a quarter of the market.

However, New Holland's position in its domestic market is weak, with no more than 7 per cent of North American combine sales. "Our objective over the next five years is to double that," Mr Nicolazzi said.

Ford New Holland predicts a total compound growth of 10 to 12 per cent in tractor demand in open world markets over the next five years.

The industry, though, is still plagued with production overcapacity. Mr Moglia said capacity was still probably around 800,000 units, as against sales of 650,000.

Asked which type of tractor supplier would benefit most from an opening up of the European market, Mr Moglia said: "I guess those that can figure the right distribution techniques, that recognise a really homogenous market and can buy modern technology on information systems may have an advantage."

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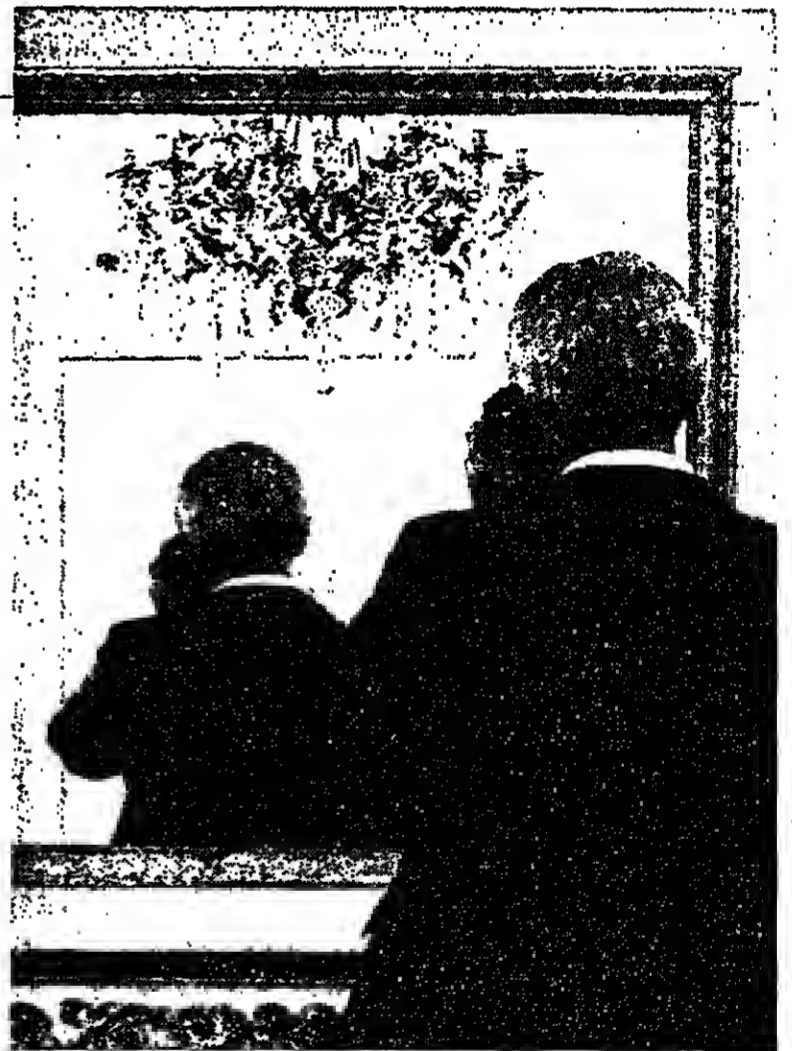
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INTERNATIONAL COMPANIES AND FINANCE

Générale in Montagne stake talks

By Our Financial Staff
SOCIÉTÉ GÉNÉRALE de Belgique, the Belgian holding company, and a group of shareholders in Vieille-Montagne, the Belgian zinc producer, have had contacts on the possible sale to La Générale of Vieille-Montagne stock, La Générale said.

Valeo pulls out of fray for Epeda

By Paul Botis in Paris

MR NOEL GOUTARD, chairman of Valeo, France's leading car components group, yesterday threw in the towel in his hostile bid for control of Epeda-Bertrand Faure, the diversified French car seat manufacturer.

ance, Mr Goutard said. Between them, Peugeot and Renault accounted for nearly half Valeo's annual sales of FF1.6bn.

Epeda and helped the French car components group in its efforts to build up its critical mass. "But Valeo has no intention of entering into unreasonable bidding battles nor challenge the wishes of its main customers," he emphasised.

venture with Acostar, Chrysler's components subsidiary, to provide heating and air conditioning systems for Chrysler's proposed new world car known as the LX-LE.

Caution on full-year by Karstadt

By Our Financial Staff

FULL-YEAR net earnings at Karstadt, West Germany's largest department store chain, will be lower than in 1987 despite higher profitability of its subsidiaries, the company said yesterday in its interim report.

Holderbank sees record earnings

By John Wicks in Zurich

HOLDERBANK, the Swiss-owned group which is the world's biggest cement producer, expects a further 5 per cent increase in consolidated earnings this year to a record SFr333m (\$322m).

Investments should increase in 1988 by some 50 cent to SFr480m. Mr Amstutz added, or rather more than one-half of estimated cash flow of SFr835m. He attributed this primarily to acquisitions in the field of ready-mixed concrete and aggregates, as well as to expenditure on the recently-reopened plant of its US subsidiary, Ideal Basic Industries, at Mobile, Alabama.

Church's spurns offer

CHURCH'S FRIED Chicken, the Texas-based fried chicken store chain, said its board determined that a \$282m bid from A. Copeland Enterprises for the company was inadequate and not in the best interests of the company or its stockholders, writes Our Financial Staff.

not tender any of their shares to the Copeland offer, which is pitched at \$9 a share.

Benckiser in Italian bid

JOH. A. BENCKISER, the Ludwigsbafen-based applied chemicals group, is seeking to buy Panigal, an Italian family-owned detergents and food company which Henkel, another German group, has been seeking to acquire, writes Our Financial Staff.

that it was in talks with Panigal's owners with a view to taking over the company.

Flat outlook for Sulzer

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering concern, expects this year's group earnings to be about the same as the SFr77m (\$51m) recorded for 1987. Parent company profits are also seen as being close to the 1987 figure of SFr45m.

companies - Antomelec in Switzerland and Sulzer Morat in Germany - have been sold. In 1987 had seen extraordinary income of SFr15m from a property sale in Switzerland, while a decline in liquid assets will this year mean a drop in interest income.

Where there is indecision among the cautious, there is opportunity for the selective.

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Although we remain cautious on equities as an asset class, prospects for selected equity markets over the next 12 months remain sound.

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Elkem bounces back to profits

By Karen Fossil in Oslo

ELKEM, the Norwegian metals group, returned to the black in the first nine months of 1988 with profits before extraordinary items of Nkr392m (\$58.6m), against losses of Nkr235m a year earlier.

strong demand and favourable prices for aluminium and ferro-alloys. Group turnover increased by 25.5 per cent to Nkr6.99bn. Net extraordinary income of Nkr344m boosted final pre-tax profits in the latest period to Nkr736m.

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INTERNATIONAL COMPANIES AND FINANCE

GT Management reveal drop in profits to £2.7 m

By Vanessa Houlder in London

THE STRAINS inflicted by the bear market were underlined yesterday by GT Management, UK-based international investment management group, which announced a sharp drop in pre-tax profits to £2.7m (\$5m) for the six months to September 30.

The result was less than a third of the £8.5m profit achieved in the same period of 1987, and compares with the £4.3m reported for the second half of last year. GT shares closed 9p lower at 149p.

GT made progress with international diversification, however, in particular towards Japan which now accounts for 20 per cent of business, he said.

The US mutual fund business, which GT entered in mid-1987, had increased its market share and was expected to contribute to profits in 1989. In continental Europe, where GT has set up offices in

Amsterdam, Munich and Luxembourg, the immediate cost pressures were expected to be offset by new business over the medium term.

GT's results, although worse than expected, were viewed by analysts as being symptomatic of the problems faced by all fund management groups. A similar battering is expected to be revealed in the interim results of Henderson Administration which will be announced today.

Mr David FitzWilliam-Lay, GT chief executive, said he was optimistic about the long-term future, but did not expect a recovery by the year-end.

Changes in unit trust dealing rules in July, which stopped managers from dealing in units of their own funds - formerly a major source of profits - would continue to take a toll in the second half of the year, he warned.

Turnover, which fell from £25.4m to £16.1m, was depressed both by market conditions and by a £400m fall in funds under management during the six months to £3.2m.

Mr FitzWilliam-Lay said this was reflected in the loss of institutional clients and, in particular, the loss of one major foreign account.

Costs were reduced from £18.5m to £13.4m, due to salary cuts, a 5 per cent reduction in employees.

The UK unit trust business, which accounts for about 11 per cent of the group, had a "much more difficult" period.

It suffered because of increased competition, changes in dealing rules, and little new investment from the public and compliance costs.

Mr FitzWilliam-Lay said GT, recently subject of bid speculation, had received no serious approaches.

London backs share dealing clamp down

By Clive Wolman in London

LONDON'S Stock Exchange is considering wider sanctions against market-makers who seek to deal at more favourable prices than those they publicly display.

Mr Hugh Smith, new Stock Exchange chairman, is expected to announce his proposed changes to the post. Mr Smith was elected without opposition.

He strongly defended the controversial draft rules published 12 days ago which will make it more difficult for private firms to compete against Saef, the Stock Exchange's automated share dealing service, when it starts in February.

The new rules, he said, are designed to stop share transactions being diverted to those market-makers which do not display the most favourable prices on their screens, but merely offer to match the best prices quoted by their rivals.

The two firms likely to be most damaged by the new rules are Barclays de Zoete Wedd and Kleinwort Benson.

Both already offer an automated share dealing service which allows smaller purchases and sales of shares to be transacted through computers without human intervention.

The present draft rule will prevent them from accepting orders for shares through their automated services unless they are quoting the best or equal the best prices for those shares on Saef, the Stock Exchange price quotation service.

Mr Smith said the Stock Exchange UK Equity Market Committee was now considering extending the ban to deals in which orders from small investors are taken over the telephone.

The ban could not, however, be extended to larger share transactions with institutional investors where the price was subject to negotiation, he said.

He denied accusations that the new rules were designed to give Saef an unfair competitive advantage over the systems run by BZW and Kleinwort.

ABF results modest at £89.3m

By Clare Pearson in London

ASSOCIATED British Foods, the milling and baking concern, yesterday disappointed the most modest expectations in the City. London's financial sector, with its interim results. Pre-tax profits emerged just 8 per cent higher, at £89.3m (\$157.7m) for the six months to October 1. Analysts had expected between £90m and £95m.

The lacklustre results, which followed a slowing in profits growth in the previous financial year, was seen as increasing pressure on ABF to use its

surplus funds - now worth well over £900m - to make acquisitions.

The main reason profits fell short of analysts' expectations was a lower than expected rise in investment income to £35m which came after a disappointing £31.9m in the same period last year. The company blamed interest rate fluctuations during the late summer.

Trading results, which reflected stiff competition in baking and a mixed performance elsewhere, were largely

as expected.

Analysts think it unlikely the company will renew its bid for S&W Bedford, UK sugar producer and commodities dealer, which it abandoned after the October 1987 stock market crash. Under takeover rules, it is free this week to launch a new offer, but Mr Gerry Weston, chairman, made no reference to acquisition policy in his interim statement.

ABF's shares shed 6p to close at 319p yesterday. *Lex, Page 24; Details, Page 26*

Banks to pay current account interest

By David Laucelle, Banking Editor, in London

NATIONAL Westminster and Barclays, the UK's two largest clearing banks, yesterday announced plans to pay interest on current accounts, following the lead set by Lloyds Bank two weeks ago.

The two banks said they would introduce interest-bearing current account "packages" early next year. These are expected to include free banking for accounts kept in

credit an overdraft facility, and use of debit or credit cards.

Mr Derek Wanless, head of personal banking at NatWest, said the account would be "competitive and attractive, and will offer value for money."

Mr Chris Lendrum, Barclays deputy director of UK retail services, said his bank's account would be similar to




accounts offered by building societies but would give access to additional services "obtainable only from a bank."

"There are no half measures in our plans," he said. "We are intent on neutralising the building societies' advance into our territory."




Midland Bank is also considering a package of accounts but has made no formal announcements.

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(Interest rates may vary - correct at time of going to press subject to minimum balance being retained. Up to date rates available by telephoning Isle of Man (0624) 23074.)

If you're presently working or resident abroad it doesn't make sense to retain a bank or building society account based in Britain. But with a Manx Money Market Cheque Account from Bank of Scotland (Isle of Man) Ltd you can retain your British connections and earn a high rate of interest without the tax impositions of the mainland.

Your Manx account cheque book* is used in the normal way and there is no restriction on the amount you can withdraw at any one time or the number of cheques you can issue. On cleared balances of £3,000 or more you earn interest at Money Market rates and even on balances below this you will still receive a competitive rate. And, because of Manx tax legislation, interest will be paid gross, without deduction of any tax.

Enjoy all the benefits of a normal current account paying high rates of interest and all from a subsidiary of a major U.K. bank.

MINIMUM INITIAL DEPOSIT
£1,000

MINIMUM SUBSEQUENT DEPOSITS
£250

*A charge of £25 is made for each cheque book issued.

Complete the coupon and enclose your cheque. An acknowledgement and cheque book will be sent within a few days.

MANX EXPATRIATE ACCOUNT - APPLY TODAY

To: Bank of Scotland (Isle of Man) Ltd, Bank of Scotland House, PO Box 19, Douglas, Isle of Man.

*I/We enclose a cheque made payable to Bank of Scotland (Isle of Man) Ltd, for £..... (minimum £1,000) to be placed on deposit with you in a Manx Expatriate Account. (Should the cheque not be drawn on your own bank account, please provide details of your bankers below.)

*I/We accept and agree to be bound by the terms and conditions as set out in your leaflet and as amended from time to time.

*I am/We are aged 18 or over. (Please delete as applicable)

Please print

Surname 1 _____ First Names _____ *Mr/Mrs/Miss

Surname 2 _____ First Names _____ *Mr/Mrs/Miss

Address _____

Postcode _____

Bank Name _____

Address _____

This account will be used for personal purposes only. (For joint accounts all parties must sign.)

Signature 1 _____ Signature 2 _____

Personal Application

For Bank Use Only

BANK OF SCOTLAND
A FRIEND FOR LIFE

Canada



It is as liquid as it is solid.

As solid as some gold appears, if it does not enjoy universal recognition, you may find yourself at a disadvantage when you try to trade it. It is important to know that your gold is as good as cash anywhere in the world where gold is traded, without a time-consuming and costly assay. As the largest-selling bullion investment coin, the Gold Maple Leaf can meet this demand.

Each Gold Maple Leaf coin is 999.9/1000 fine pure gold, and is legal tender at its face value. Independent tests have even

shown that the Royal Canadian Mint gives a little gold away to guarantee each coin's minimum weight. Because of the large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf is now a standard by which other gold products are measured.

When you buy Gold Maple Leaf coins, you can be sure that you can easily and discreetly obtain cash for them wherever

gold is traded. Be sure to weigh the advantages of The Gold Maple Leaf - all of which add up to make it, with over 11 million ounces sold, the best-selling investment coin in the world today. And, just maybe worth even more to you than its weight in gold.



The Gold Maple Leaf. The world's gold coin standard.

INTERNATIONAL CAPITAL MARKETS
Sydney futures exchange in landmark Chicago link

By Chris Sherwell in Sydney
THE SYDNEY futures exchange expects increased US trading in its contracts following a landmark decision by the Commodity Futures Trading Commission (CFTC), the US futures regulatory body.

Members of the Sydney exchange have now been granted an exemption allowing them to advertise and offer for sale any exchange product except those relating to the All-Ordinaries Index, the widely-traded Australian stock market indicator.

According to the exchange, the decision makes it the first in the world to gain full access to the US for the sale and marketing of its futures and options contracts. It follows similar approvals won by the exchange in the UK.

The Sydney exchange first petitioned the CFTC for such a decision in October 1987, three months after the agency introduced rules which required brokers marketing non-US futures and options to US residents to be registered with the CFTC.

Crédit Suisse chief backs stamp tax curbs

MR ROBERT A. JEKKE, president of Crédit Suisse, the Swiss bank, has added his voice to demands for urgent reform of Swiss stamp duty.

Mr Jekke calls on the Government to repeal the stamp tax in four areas: on trading positions of traders and dealers, on Eurobond issues, on money market paper, and on so-called foreign-foreign business.

He writes: "If no changes are made, then banks in Luxembourg and London (and to that belongs filials and sister companies of Swiss banks) and their coffers will profit.

NYSE's London office to head European initiative

By Stephen Fidler, Euromarkets Correspondent
THE NEW YORK Stock Exchange formally opened yesterday its London office, which will spearhead efforts to encourage European companies to list on the exchange.

Competition is intensifying among US stock exchanges to win listings by foreign companies. Earlier this year, Nasdaq, the National Association of Securities Dealers' automated quotation system, was given permission to accept a recognised investment exchange in London, while the smaller American Stock Exchange has also moved its European office to London, from Amsterdam.

The opening of the London office to be headed by Mr Edmund Lukas, comes as the outstanding shares listed on US exchanges shrink dramatically as the number and scale of leveraged takeovers and buy-outs grows.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday November 7, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

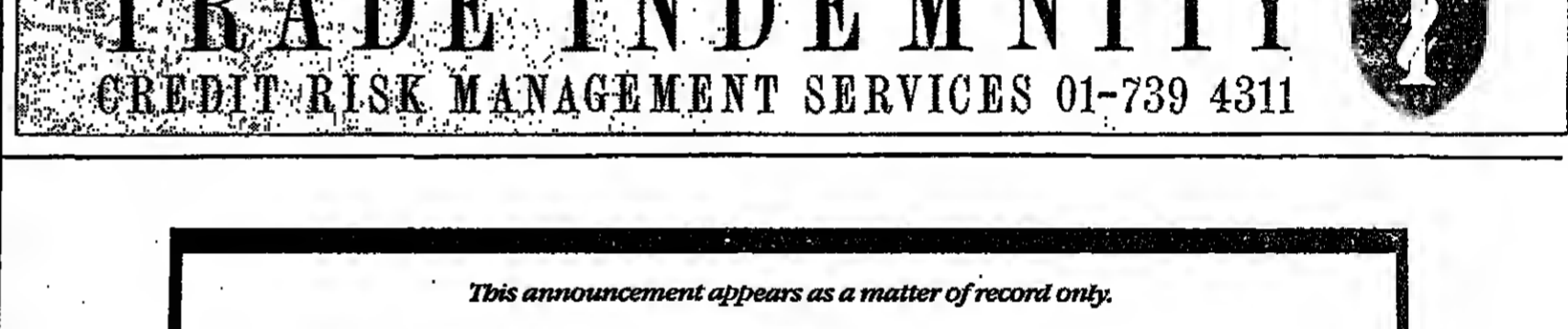
Table with columns: COUNTRY, £ STG, US \$, D-MARK, YEN (x 100), and sub-columns for each. Lists exchange rates for countries like Afghanistan, Albania, Algeria, etc.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR, STRAIGHTS, DEUTSCHE MARK, STRAIGHTS, and SWISS FRANG. Lists bond details including issuer, amount, and yield.

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739 4311



This announcement appears as a matter of record only. BRITISH AEROSPACE PUBLIC LIMITED COMPANY

£150,000,000

18 year Fixed Rate Multi-Currency Credit Facility for its participation in the development of the Airbus A-320

provided by BEIERS logo

European Investment Bank logo and contact information

INTERNATIONAL CAPITAL MARKETS

Canadian issues fall headlong following opinion poll

By Norma Cohen in London and Janet Bush in New York

CANADIAN government bond prices slid up to two points in active trading following publication of the latest Gallup poll showing the opposition Liberal Party, which has vowed to veto the US-Canada free trade agreement, leading the ruling Conservatives by about 12 percentage points.

GOVERNMENT BONDS

The movement in bond prices was particularly dramatic among longer maturities. For instance, the 10 per cent bonds due 2008 closed at 99.02, down from Friday's closing bid of 101.00. Bond prices had been slipping all last week, along with the currency, as Canadian news organisations released opinion polls showing the Liberal Party gaining ground.

the prestigious Gallup poll's findings threw increasing doubt on the eventual passage of the free trade agreement, which has been responsible for much of the currency and bond market's recent strength.

US TREASURY bonds declined again yesterday in a continuing reaction to last Friday's stronger than expected employment figures, pre-election nervousness, a vulnerable dollar and a firm Fed funds rate.

At mid-session, bond prices were quoted about 1/4 point lower at the long end of the yield curve. The yield on the Treasury's benchmark 30-year issue rose to 8.95 per cent.

The key dampener on the market was Friday's figures, which appeared to show considerable strength in the economy. The US Federal Reserve did not operate in the market yesterday although Fed funds were trading at a firm 8 1/2 per cent, which prompted concern that the Fed may tighten policy a notch.

Opinion on interest rates is still divided, but, at the least, bond traders are less optimistic that interest rates may be allowed to drift lower over coming months.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Maturity, Price, Change, Yield, etc. Rows include UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

London closing, 10:00 am New York morning session. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book runner. Rows include US Dollars (Stop & Shop Finance), Australian Dollars (United Capital Corp), Deutsche Mark (Nichefin USA), Swiss Francs (Storebrand Finance), Guilders (Nichefin USA), Yen (Chrisania Bank).

Private placement 5/convertible... Final terms, 4/with equity warrants... Insured transaction involving LBO debt and is the first in the Eurobond market.

While Monday's trading in futures was closer to usual levels, trading in the underlying cash instruments was about twice the normal daily volume. Yields on the broadly-traded 10 per cent government bonds due 1993 rose a near-record 28 basis points to close on Friday at 13.33 per cent.

WEST GERMAN government bond prices fell sharply, partly in late reaction to US employment data published last Friday indicating that relatively robust economic growth is continuing.

WEST GERMAN government bond prices fell sharply, partly in late reaction to US employment data published last Friday indicating that relatively robust economic growth is continuing.

Tax confusion halts trading in Dutch bonds

By Dominique Jackson

A MOVE by the Dutch Finance Ministry to clarify the tax treatment of a newly developed type of gilt-edged warrant bond has brought trading in the instruments to a halt and has left confusion as to the precise fiscal status of the bonds.

In a statement late last week, Mr Henk Koning, a junior finance minister, indicated that a tax loophole which had made the bonds attractive to Dutch investors would be closed in legislation due to go before parliament shortly.

YESTERDAY, dealers said no business was being done on the low-coupon issues although a few attempts were made earlier in the day to place the bonds.

The driving principle behind the warrant bonds was their tax treatment. Under current Dutch law, it is the first buyer of the warrant who pays income tax on the difference between the issue price of the bond, with the warrant and the issue price of the bond alone.

However, the Finance Ministry would either be taxed 4.6 per cent of a bond's nominal value if the paper was bought at par or taxed for the differential between the discount value of the paper and its nominal value.



Henk Koning to close tax loophole soon

US retailer in novel asset-backed offer

By Dominique Jackson

A NEW variation of US asset-backed securities reached the Eurobond market yesterday with a \$200m eight-year issue for Stop & Shop, the US supermarket chain, via Bankers Trust International, Inc.

Eurobond market successfully - the first US corporate to do so since investors switched their attention to credit worthiness and event risk among industrial borrowers in both the US domestic and Eurobond markets in the wake of the planned RJR Nabisco buy-out and Philip Morris/Krefl merger.

INTERNATIONAL BONDS

capital for the management buy-out of Stop & Shop. It carries the guarantee of Financial Security Assurance and is secured by mortgages on 43 properties owned by the New England store chain.

That the borrower in question is also currently caught up in a leveraged buy-out bears witness to the success of yesterday's deal.

Enhancing credit by securing the guarantee of an agency such as FSA is one method which allows this type of borrower to raise funds at competitive rates.

BZW arranges £500m funding for Ladbroke

By Stephen Fidler

LADBROKE, the UK leisure and entertainment group, is raising a £500m financing which will mainly be used to refinance the short- and medium-term borrowings arising from its acquisition of Hilton International in October 1987.

The financing, being arranged by Barclays de Zoete Wedd with Ladbroke's relationship bank, includes a £300m standby credit and a tender panel on which banks may bid to provide sterling bills and cash advances.

The facility fee will be 6% basis points and the margin above Libor will be 12% basis points, with a utilisation fee of 2% basis points if more than half drawn.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-Actuaries Share Indices for EQUITY GROUPS, INDUSTRIAL GROUP, FINANCIAL GROUP, and FIXED INTEREST. Columns include Index No., Day's Change, Est. Earnings Yield, etc.

RISINGS AND FALLS YESTERDAY

Table with columns: Rise, Fall, Same. Rows include British Funds, Financials, Industrials, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns: Issue, Amount, Date, Price, etc. Rows include various corporate bonds and notes.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Amount, Price, etc. Rows include various government and corporate bonds.

RIGHTS OFFERS

Table listing rights offers with columns: Issue, Amount, Price, etc. Rows include various corporate rights issues.

TRADITIONAL OPTIONS

Table listing traditional options with columns: Issue, Amount, Price, etc. Rows include various call and put options.

LONDON TRADED OPTIONS

Large table listing London traded options with columns: Option, Date, Price, etc. Rows include various call and put options for different underlying assets.

Actuaries' indices 1827: 10 am 1824; 2: 10 am 1821; 3: 10 am 1822; 4: 10 am 1821; 5: 10 am 1820; 6: 10 am 1819; 7: 10 am 1818; 8: 10 am 1817; 9: 10 am 1816; 10: 10 am 1815.

Underlying security price.

Handwritten: 10/11/1988

CONTRACTS

Reducing nuclear waste discharge

H&G ENGINEERING, a division of Enserch International Investments, has been awarded an engineering and construction contract worth about £50m by British Nuclear Fuels for its waste packaging and encapsulation plant (WPEP). This constitutes a major element in a development by BNF to reduce low active waste discharges to a minimum from its Sellafield, Cumbria, site.

Controlling UK's first PWR power station

A £50m plus contract for the control systems for Britain's first pressurised water reactor (PWR) nuclear power station at Sizewell, in Suffolk, has been placed by the Central Electricity Generating Board. The order has been awarded to GEC/PIE, an Anglo-French company formed between GEC and CGEE Alsthom, of Paris.

Instrumentation at Sizewell B

C & I SYSTEMS, a business unit of NEI Electronics of Gateshead, has been awarded a contract from CEGB worth over £20m for the process plant control and instrumentation systems to be installed at Sizewell B PWR nuclear power station.

Nationwide upgrades its computer

To meet increasing workloads and to support new products in the financial services markets, Nationwide Building Society is installing a multi-processor UNISYS 1100/94. The order, which covers communications processors, UNIX systems, PC networks, advanced peripherals, software and support, is worth over £20m.

Information technology agreement

HOEKYNS FACILITIES MANAGEMENT has signed a five-year contract, currently running at £25m pa, to service and supply all of the Plessey company's existing and future information technology (IT) requirements. Under the agreement, control of Plessey Information Engineering (PIE), which is both Plessey's current source of IT supply and a computer services operation in its own right, passes to Hoekyns.

Cables for Telecom

STC, the communications and information systems group, has won orders worth £20m from British Telecom for copper and fibre optic telecommunications cables. These will be manufactured at STC Telecommunications' South Wales plant at Newport, Gwent.

Battlefield communications system

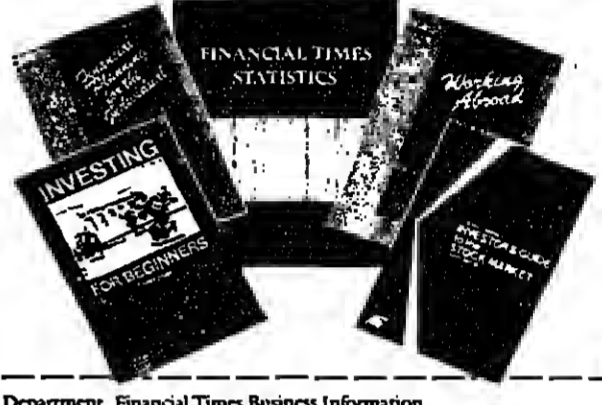
The Ministry of Defence has awarded a contract worth over £2m to SD, defence and aerospace arm of SD-Scion, for an integrated communications system. Designed to be easily transportable by land or air for deployment well-forward in the battlefield, the system provides communications and command and control facilities over radio in the HF/VHF band. Features include automated communications and frequency management, remote control techniques, intelligent message handling and other operator aids, and modems.

"Next-day" auto parts delivery service

General Motors Service Parts UK - parts and accessories arm of Vauxhall Bedford and AC Delco - has awarded NATIONAL CARRIERS CONTRACT SERVICES a three-year contract worth £16m. NCCS is increasing its "dedicated" workforce for General Motors from 70 to 150. The company will buy 80 vehicles and 65 trailers, which will cover some 6m miles annually, delivering parts valued at £350m, and providing a nationwide next-day service to 650 mainline dealers.

Financial Times Guides to Investment and Financial Planning

FINANCIAL PLANNING FOR THE INDIVIDUAL... WORKING ABROAD - THE EXPATRIATE'S GUIDE... A GUIDE TO FINANCIAL TIMES STATISTICS... INVESTING FOR BEGINNERS... INVESTOR'S GUIDE TO THE STOCK MARKET



ORDER FORM: Please return to: The Marketing Department, Financial Times Business Information, 7th Floor, 50-54 Broadway, London SW1H 0BB. Tel: 01 799 2002.

BUSINESSES FOR SALE

HOME IMPROVEMENT COMPANY TRADING IN SOUTH LONDON FOR SALE. 12,000 sq. ft. leasehold store equipped for retail selling on a prime site.

ESTABLISHED TRADE MAGAZINES. For sale. Small circulation; advertising and subscription revenue.

FOR SALE PROFITABLE U.K. BASED INTERNATIONAL AIR COURIER COMPANY. TURNOVER CIRCA £4 MILLION.

LARGE FREEHOLD SITE. Near the fast growth market town of Bury St Edmunds, Suffolk.

FOR SALE. Specialised well established computer systems and services house, London based, good profits.

LIQUID TRANSPORTATION COMPANY. A successful company operating a recently developed advanced proven product for international markets.

ELECTRICAL ENGINEERING COMPANY. Based N.W. with separate sheet metal and transformer winding facilities.

U.S. PUBLIC COMPANY SHELL FOR SALE. Offers invited for 85 per cent common stock of SEC registered QTC public company ally.

LAKEY & CO HOUSEBUILDERS with Double glazing/joinery factory & hardware shop, Chesire. T/o £2.4 m. N.P. £475K.

TOOLS & FIXINGS DISTRIBUTORS. E.Midlands. T/o £558K. Price £150K incl. stock OR £300K with F/hold.

SIGNWRITERS. London & E. Anglia. Lic. Trade specialists. T/o £120K. N.P. £62K.

LEISURE SITE. Cheshire. Nightclub/Pub/Rest. & leisure club with bowling, badminton, snooker, saunas, etc.

THEME PUB/DISCO/FUNCTIONS. S.Yorks. T/o £10,000 p.w. P.P. for 28 room hotel. 3 acre site. Price £895K.

PRINT AGENCY. T/O of £115,000, based N.W. London any offers considered, owner happy to continue.

FOR SALE. Established wedding dress manufacturing company. Profitable going concern with full order book.

TELEPHONE DATING SERVICE. Company for sale in the new outstandingly successful telephone information & entertainment industry.

RADIO STATION FOR SALE. With unique features. Legally broadcasting in South West London to an established audience.

FOR SALE. A nationwide overnight parcels delivery service. Annualised turnover approx. £6m.

FOR SALE. A major shareholder in a professional photographic laboratory (T/O 300K) with facilities in two major northern metropolitan areas.

FOR SALE. Profitable Manufacturer of Timber Products for Building, Merchandising and Garden Trade.

FOR SALE. Contract curtain cleaning and manufacturing company with highly profitable T/O approx. £7m p.a.

Computer Maintenance Operation For Sale. Annual revenue in excess of £1m. Profitable with high quality work base.

Puerto Rican Ltd. and Puerto Rican Collection Ltd. for sale. No assets, no liabilities. £50,000.

SUFFOLK LICENSED VILLAGE HOTEL. Freehold for sale. 19 bedrooms (mostly en suite) and 12 en suite bathrooms.

TAX LOSS (£600K). EXPORT Traders wish dispose Tax Loss Dept. (100% Export Sales) As going concern.

BUSINESSES WANTED

Quoted Company seeks acquisitions in the following areas: TRAINING, CONTINUOUS STATIONERY, HARDWARE DISTRIBUTORS & MAINTENANCE COS.

PLC SEEKS ACQUISITION. A progressive West Midlands based property investment and development plc is seeking acquisitions.

Private Chemical/Process Engineering Company. We wish to expand our business by acquiring a small nucleus company in S.E. England.

Private Companies in Construction Related Industries. Major PLC seeks acquisitions with solid management and proven profits record.

WAREHOUSING/DISTRIBUTION COMPANY. required in the Midlands area. Private company seeks expansion in same sector.

EUROPEAN LEISURE GROUP LTD. WISHES TO ACQUIRE Nightclubs, discos, leisure centres for cash.

WE WISH TO ACQUIRE BUSINESSES which could be relocated in Glenrothes, Fife. Anything considered either as going concern or fixed asset purchase provides potential for growth.

BUSINESS OPPORTUNITIES

Traditional English food franchise with national potential. Business plan complete with location opportunities.

COMPUTER INVESTMENT IS EXPENSIVE SO... Don't just buy a box - buy a complete computer solution. PCs, networks, training, etc.

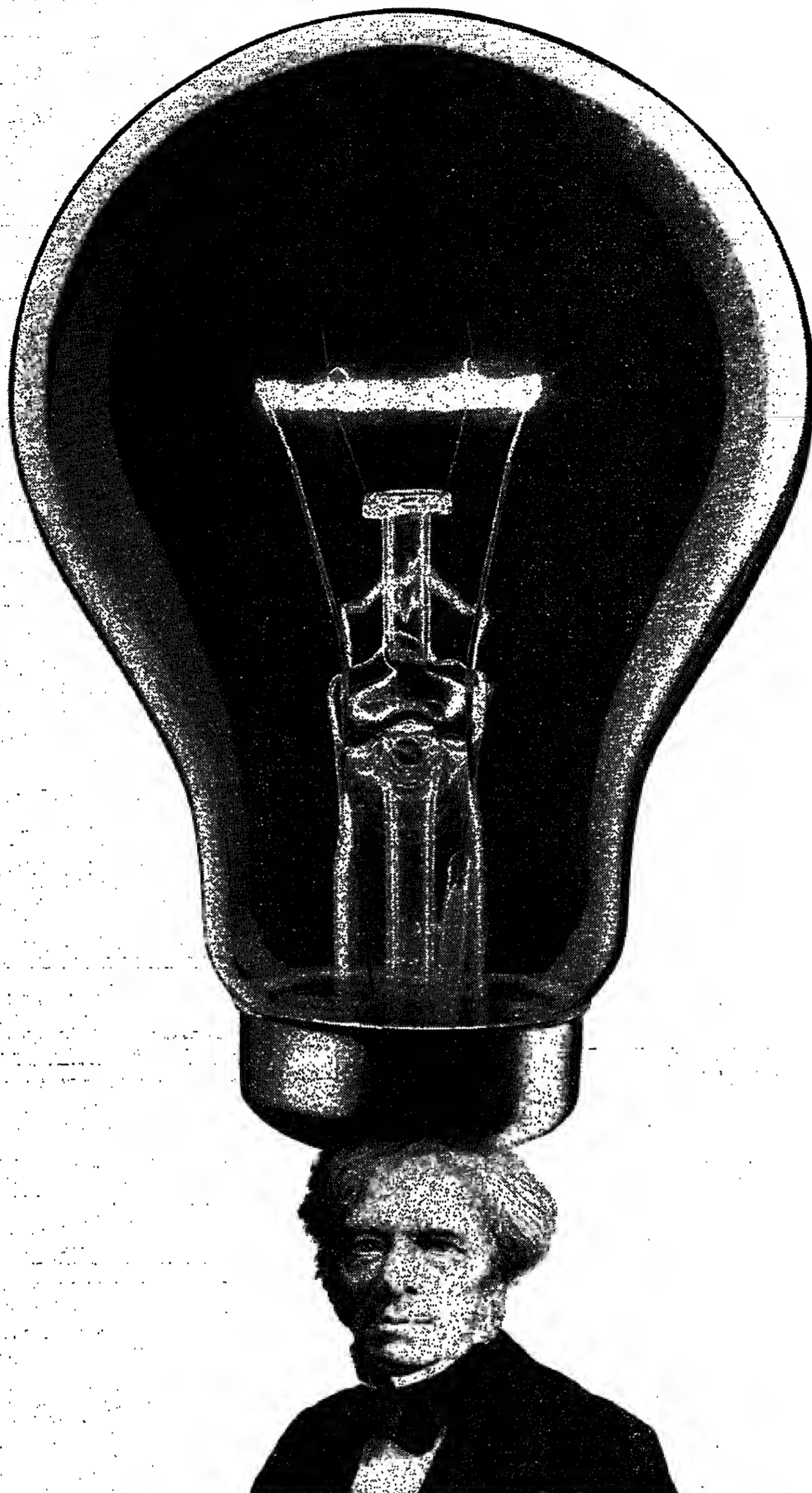
ERNEST WRIGHT & SON LIMITED (IN RECEIVERSHIP) MANUFACTURERS AND DISTRIBUTORS OF SCISSORS AND TOOLS.

Cork Gully. The joint administrative receivers have available for sale the business and trading assets of this long-established Sheffield-based company.

TOY MANUFACTURERS FOR SALE. Proven products, fantastic potential, trading losses. Would suit existing manufacturer or sales orientated director.

FLORIDA - Very profitable dry-cleaners. Four shops - buy in stages if desired. Cover USA businesses available David Bryant & Co Norwich 95055

CLASSIFIED ADVERTISEMENT RATES table with columns for Per line, single, double rates for various ad types.



Mr. Faraday's idea was bigger than he knew

Making electricity is simple, as Michael Faraday taught us in 1831. If you keep spinning a copper disc inside a magnet, you'll generate a continuous supply.

Generating enough electricity, on the other hand, has created one of the biggest businesses in Britain, with assets of around £25 billion.

Our turnover last year was more than £8 billion, our trading profit £590 million. We still use magnets and copper. But on a massive scale, 24 hours a day, 365 days a year.

And we use good old steam power to turn most of our turbines. But to get up a sufficient head of steam we need a massive fuel supply.

Our annual fuel bill is over £4 billion, more than half our total costs. So keeping fuel costs down is clearly essential for our business.

And for the nation's business. Just about everyone in England and Wales uses our electricity. We have to generate as much as is needed, at as low a price as possible.

So we use many different fuels; fossil and nuclear.

And we'll continue to seek new sources of power: to harness the wind and the tides and the heat beneath the earth's surface.

Our efforts are needed not only to keep prices down, but to satisfy a widely fluctuating demand, day and night, summer and winter; through storms and strikes and other acts of God or man.

That's the generating game: high stakes, tough rules and plenty of challenges. But it's a game we have to go on winning.

By using our magnets, like Mr Faraday said.

THE GENERATING GAME

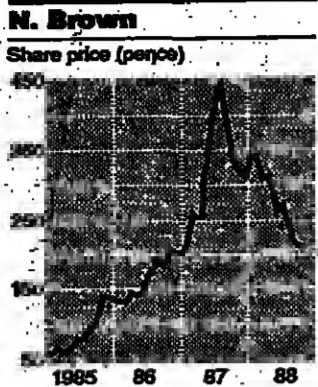
CEGB
NATIONAL POWER. POWERGEN.

UK COMPANY NEWS

N Brown slips and warns of large second-half fall

By Maggie Urry

A SMALL fall in interim profits and the warning of "a very significant reduction in pre-tax profits in the second half" from N. Brown Group...



Mr David Alliance, chairman, said: "The postal strike coincided with the launch of our autumn/winter catalogues and, although it is too early to assess its full effect, it has already led to a significant loss of sales."

Mr Alan Dean, chief executive, said that about £10m to £12m of sales had been lost in the strike, which probably would not be recouped later in the season.

Brown has already given the contract to deliver 15,000 parcels a day to an independent group, and is negotiating its new contract with the Post Office with the view to recouping its lost business through lower charges in future.

However, the problems of the first half, covering the 26 weeks to September 3, largely preceded the postal strike. Mr Dean said that the group had

Charterhall buys more Hornby and lifts stake to 15%

By Vanessa Houlder

CHARTERHALL, an investment vehicle steered by Australian entrepreneur Mr Russell Goward, has increased its stake in Hornby Group...

The Fletcher deal, which is the first since Hornby joined the USM in December 1988, is in line with Hornby's strategy of expanding in the leisure sector through acquisitions that emphasise brand names and marketing.

Charterhall said yesterday that its interest in Hornby was aroused by its good products, brand names and management and its undervalued share price.

As a contra cyclical investor, Charterhall intended to be a long-term holder of the shares although it did not rule out a move to a full bid.

Bardon full listing

Bardon Group, quarrying and building products company, will shortly announce plans for a listing on the main market.

Apollo for USM

Apollo Watch Products is joining the Unlisted Securities Market via a placing which values the group at £9.75m.

COMPANY NEWS IN BRIEF

AMBROSE INVESTMENT Trust: net asset value of capital shares on October 31 was approximately 612.7p (597.92p in previous month).

IMPISHIRE THOROUGH-BREDS, formerly Stallion Investments, reported a pre-tax loss of 19,046,000 for the seven months to June 30 on turnover of 2991,000.

KORRA-EUROPE Fund: net asset value per share at October 31 was 419.35, down from 419.64 on October 17.

its British Underwater Engineering subsidiary for 280,000 cash. The company incurred an operating loss of 186,000 for 1987.

ordinary (55.7 per cent), making a total of 31.92m (77.9 per cent). The offers, including the loan note alternative, have been extended to November 18.

MECCA LEISURE GROUP PLC
(Incorporated in England, Registered No. 1916907)

Issue of up to 207,295,377 Ordinary shares of 10p each and up to 306,575,631 Convertible Cumulative Redeemable Preference Shares of 20p each in connection with the Offers to acquire the whole of the issued share capital of Pleasurama PLC.

Particulars of the new Convertible Cumulative Redeemable Preference Shares of 20p each will be available in the Extel statistical service and copies of the Listing Particulars and Supplementary Listing Particulars may be obtained during usual business hours up to and including 10th November 1988, for collection only, from the Company Announcements Office of The Stock Exchange and up to and including 22nd November, 1988 from:

Mecca Leisure Group plc,
Mecca House,
76 Southwark Street,
London SE1 0PP.

Samuel Montagu & Co. Limited,
10 Lower Thames Street,
London EC3R 6AE.

de Zoete & Bevan Limited,
Ebbgate House,
2 Swan Lane,
London EC4R 3TS.

8th November, 1988

KENYA
25th Anniversary of
Independence

The Financial Times proposes to publish this survey on:

DECEMBER 12th

For a full editorial synopsis and advertisement details, please contact:

HUGH SUTTON
on 01-248 8000 ext 3238

or write to him at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

DEFENCE

The Financial Times proposes to publish a Survey on the above on 14th December 1988

For a full editorial synopsis and advertisement details, please contact:

Stephen Dunbar-Johnson

on 01-248-8000 ext 4148 or write to him at:

Bracken House, 10 Cannon Street
London EC4P 4BY.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Associated British Foods

Half Year Progress Report

	Six months to 1 October 1988*	Six months to 26 September 1987*	Year to 2 April 1988
	£ million	£ million	£ million
Turnover	1,153.0	1,068.0	2,272.0
Trading surplus	57.1	53.4	133.9
Interest payable	2.8	2.6	5.7
	54.3	50.8	128.2
Investment income	35.0	31.9	82.2
Profit on ordinary activities before tax	89.3	82.7	210.4
United Kingdom tax	17.4	19.7	44.2
Overseas tax	12.5	10.6	26.6
Profit on ordinary activities after tax	59.4	52.4	139.6
Minority interests	2.0	1.6	3.1
Profit on ordinary activities attributable to the company	57.4	50.8	136.5
Extraordinary items	2.5	1.7	(27.6)
	59.9	52.5	108.9
Ordinary dividends	12.5	11.2	11.2
1st Interim	-	-	25.9
2nd Interim	-	-	-
Earnings per share before extraordinary items	12.8p	11.4p	30.5p

*Half year figures unaudited.

The Chairman, Mr. GARRY WESTON, reports:

The profit before tax has increased by £6.6 million to £89.3 million. This is an 8 per cent improvement over the first half of last year. After providing for taxation and minority interests, the profit attributable to the company has increased by 13 per cent to £57.4 million.

Worldwide sales also showed an 8 per cent increase of £85 million to £1,153 million, whilst the trading surplus was 7 per cent higher at £57.1 million.

In the United Kingdom, with little inflationary effect on the price of manufactured food products, group sales showed a satisfactory 8 per cent increase to £751 million. However, resulting from last year's poor harvest and the subsequent under recovery of costs, margins in our baking division remained under pressure. The recent summer's poor weather has also adversely affected the results of our companies engaged in the manufacture and distribution of frozen foods. In spite of satisfactory growth reported by our other manufacturing divisions, trading profits in the United Kingdom increased by a disappointing 4 per cent to £35.6 million, a below budget figure.

Overseas sales at £402 million and trading profits of £21.5 million increased by 8 per cent and 11 per cent respectively after taking account of currency realignment, which had the effect of reducing sales by some £4 million but marginally increasing profit. George Weston Foods in Australia showed further growth and in terms of local currency increased sales and profits by 10 per cent and 14 per cent respectively. Market conditions in Australia were extremely competitive and the company suffered from industrial disputes. Australian results were converted at 2.15 dollars to the £1.

The group investment income is £3.1 million higher at £35.0 million and this increase was achieved during a period when average interest rates were similar to the same period a year ago. The return received on our funds under management, whilst showing an improvement on those achieved a year ago, was nevertheless below budget following the interest rate fluctuations in July and August.

The tax charge at 33.5 per cent compares with 36.6 per cent last year. This decrease arises mainly from the reduction in the Australian tax rate to 39 per cent (49 per cent) and our company's higher proportion of investment income.

As reported in the 1988 annual accounts, the group disposed of its investment in Deutscher Supermarkt Handels-GmbH in May 1988. No income from this company has been included in group profits in previous years and the profit on sale of some £51 million, less provision for capital gains tax, will be added to extraordinary items in the profit and loss account for the year.

Although we anticipate no easing of the competitive conditions in the markets in which we operate at home and abroad, the maintained expenditure on new product areas and efficiencies, together with planned sales growth, will enable us to produce a satisfactory result for the year.

At a Board Meeting today the directors declared a first interim dividend of 2.8p per share (1987 - 2.5p) which, together with the associated tax credit, is equivalent to 3.73p per share (1987 - 3.42p). This interim dividend will be paid on 6 March 1989 to shareholders on the register at the close of business on 3 February 1989.

Associated British Foods plc
Weston Centre, 68 Knightsbridge, London SW1X 7LR

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UK COMPANY NEWS

Delta buys US cable maker in \$33m deal

By Vanessa Houlder
 DELTA, electrical equipment, engineering and industrial services group, yesterday announced a \$33m (£18.6m) acquisition of FL Surprenant, a US cable maker from FL Industries.

Delta has spent \$65m on specialist businesses in its three core areas. The acquisition, which is the first in this series to be made in the US, reflects Delta's decision to expand its small base in North America. The deal will give Delta access to Surprenant's technology for high performance cables. With techniques such as 'curing' cables with electron beams and tailored insulation production, Surprenant can improve the performance of cables in areas such as flame

resistance and low smoke and fume emissions. Delta said that it expected these improvements to help its cable business satisfy the trend in European markets towards higher performance products and improved safety standards. Surprenant made pre-tax profits of \$4.1m in 1987. Delta is acquiring assets valued at about \$24m. The cash acquisition is expected to leave Delta with gearing of between 5 per cent and 10 per cent.

Unilever expands further in the US

By Christopher Parkes, Consumer Industries Editor
 UNILEVER, the Anglo-Dutch consumer products group, yesterday added to its non-retail food interests in the US with the purchase of Pennant Products, a privately-owned bakery goods company. Pennant, which bakes frozen dough, mixes and fillings in in-store bakeries in supermarkets, caterers and food manufacturers, is based in Rochester, NY.

It has factories at Rochester, in Texas, Georgia and Minnesota, and employs 300 people. Terms of the sale were not disclosed. Although Unilever is a leading supplier to the bakery industry in Europe, its US food operations have traditionally been focused on branded goods for retail distribution. However, last week it paid \$185m (£104m) for Durkee Industrial Foods, a subsidiary of Hanson, the UK based conglomerate. Durkee, which specialises in bakery goods for food manufacturers, edible oils and confectionery, last year made operating profits of more than \$11m on sales of \$174m.

TT in £5.75m Beatson sale

By Philip Coggan
 TT Group, the former Tyzack Turner, has acted swiftly to dispose of the plastic bottle manufacturing arm of Beatson Clark which it acquired in August. Beatson Plastics is being sold for around £5.75m to a subsidiary of Cope Allman International, the amusement machine, packaging and engineering group. TT made an agreed £30m offer for Beatson Clark in August.

Quarto in £700,000 silkscreen expansion

By Andrew Hill
 QUARTO GROUP, the book and magazine publisher quoted on the Unlisted Securities Market, is further expanding its silkscreen printing activities with the £700,000 cash acquisition of AP Screenprinters, based in Maidenhed. AP specialises in screenprinting for the leisure and retail sectors, producing in-store promotional displays for retailers and manufacturers. In 1987, Quarto, which has

recently bought Lefax, the manufacturer of personal organisers, acquired Western Signcraft, a Bristol-based screenprinter. Mr Laurence Orbach, Quarto's chairman, said yesterday that the group was looking to acquire a third screenprinting company. In the year to September 1988, AP returned adjusted profits before tax of £150,000 and had negligible net assets.

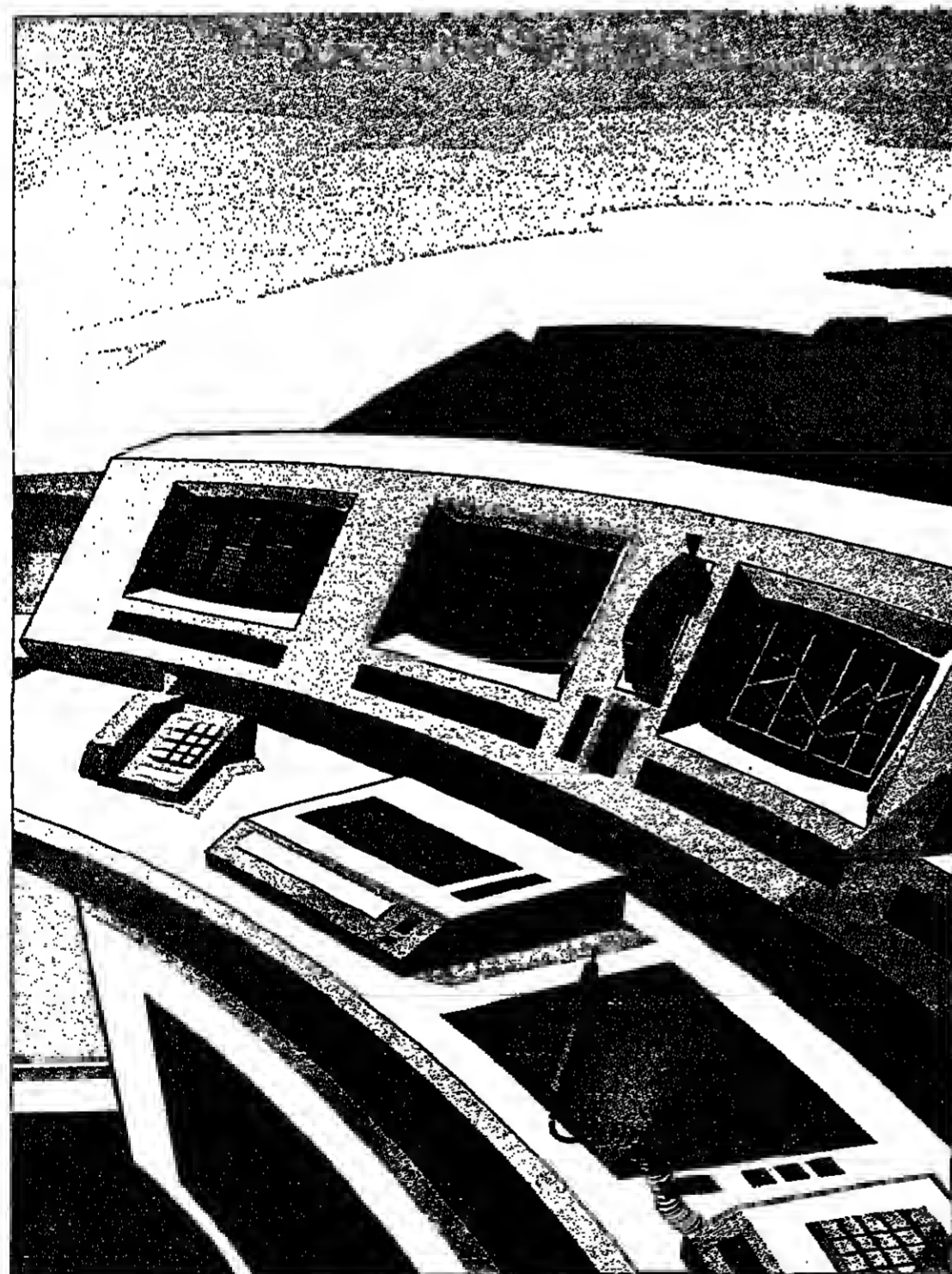
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High Low	Company	Price	Change	Div (%)	Yield (%)	P/E
251-285	Am. Brit. Ind. Ordinary	277	+8	10.5	4.1	9.4
232-286	Am. Brit. Ind. Cols	252	+2	10.0	4.0	-
40-25	Armitage and Rhoads	39	0	-	-	-
57-35	B&B Design Group (USM)	35	0	2.1	5.9	5.6
171-150	Bardini Group	174	0	3.7	1.9	28.1
116-100	Bardon Group Conv. Pref.	116	0	6.7	5.9	-
148-105	Bey Technologies	105	-2	5.2	8.0	8.4
114-100	Bevill Group Prof.	112	0	11.8	10.2	-
280-246	CCJ Group Ordinary	258	+6	12.3	6.3	4.3
166-124	CCJ Group 11% Conv. Pref.	146	-1	14.7	8.9	-
154-129	Carbo Prof (US)	130	0	10.5	10.2	-
113-100	Carbo 7.5% Prof (USD)	100	0	14.1	4.0	13.4
338-147	George Blak	340	0	12.0	9.2	-
115-60	Isis Group	115	0	3.3	3.5	15.1
118-87	Jackson Group (USD)	112	0	3.3	3.0	12.5
287-245	Mellifluous NV (Amst/USD)	277	-3	-	-	-
119-40	Robert Jackson	119	0	7.5	4.3	4.3
430-224	Servotronics	227	0	8.0	2.0	37.1
280-294	Turley & Carlisle	280	0	7.1	2.8	13.4
100-100	Turley & Carlisle Conv Pref	100	0	10.7	10.7	-
94-75	Twin Holdings (USA)	94	0	2.7	2.9	10.3
113-100	Wilson Service Conv Pref	108	0	8.0	7.4	-
330-350	Waterbury Drug Co. Plc	350	0	22.0	6.2	6.4
313-203	W.S. Yantis	315	0	16.2	3.1	60.6

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FINANCIAL TIMES SURVEY

Pharmaceuticals are prospering thanks to entrepreneurial verve, heavy R&D expenditure, and Government-regulation. But challenges lie ahead. They include demographic change, scientific advance, cost-cutting and safety issues. Peter Marsh reports

Peculiar stresses

AN ENTREPRENEURIAL, high-tech industry, a social service, a vehicle of government policy. All these descriptions at least partially fit the characteristics of the \$100bn-turnover international pharmaceutical industry, a multi-faceted business which is by no means easy to understand.

The chameleon-like nature of the sector manifests itself in the peculiar stresses to which the industry is subjected.

There is often more than a hint of glamour about the industry, with its emphasis on scientific skills being translated into world-beating new drugs.

This was emphasised last month with the award of a share in the 1988 Nobel prize for medicine to Sir James Black, one of Britain's foremost pharmaceutical researchers who has had a hand in inventing two top-selling formulations - the Tagamet anti-ulcer medication sold by Smith Kline & French Laboratories and ICI's heart drug Inderal.

The drug industry's links to efforts to safeguard people's health, a basic policy aim of virtually all countries, inevitably places the industry in the mainstream of political processes affecting healthcare. As a result, the business is greatly

affected by the actions of governments, which in many nations are the main purchasers of pharmaceuticals.

The sector is inevitably subject to whatever pricing policies for drugs happen to exist in the country concerned.

Governments in most developed nations also play a big part in regulating sales, at least indirectly, as a result of tough licensing procedures to ensure drugs are safe and work properly.

The severity and time-consuming nature of these regulatory processes are sometimes the subject of complaint from drug company representatives on the grounds that they delay products going from the testing stage to the market.

Governments may also view the pharmaceutical sector as a vital element of science-based industry, an area of commerce which, in Western Europe especially, state authorities have been keen to promote in recent years.

Different nations are likely, as a result, to implement various mechanisms to stimulate sales of their domestic drugs industries, as a way of helping to generate wealth and employment.

In the case of the drugs business the fact that the state frequently is a monopoly, or near-



ICI pharmaceutical division's research headquarters, near Macclesfield, Cheshire

Pharmaceuticals

monopoly purchaser makes it relatively easy to implement a policy that recognises the drugs area as a high-tech activity to be helped.

In many West European nations encouragement of the indigenous medical products industry boils down to efforts to favour locally-based companies when setting prices for pharmaceuticals. This is done on the basis that such a policy should lead, in theory at least, to stability for local suppliers and a good base for them to operate the expensive research and development programmes on which much of the long-term success of the industry depends.

The strategy has worked particularly well in Britain, which is the home of a booming drugs industry with an annual output of £4bn and a balance of payments surplus of £300m.

Government regulation - with the mixture of benefits and disadvantages which this can provide - acts as a constant backcloth to the industry's activities and has a huge influence. But many of the world's top pharmaceutical companies have shown considerable qualities of their own in the area of entrepreneurial verve.

This can be seen both in the management of research strategy which is a fundamental part of getting products from the laboratory stage to the commercial arena and in the marketing programmes required to build up sales thereafter. Companies in the industry commonly spend 12-15 per cent of their sales on research and development, considerably above the percentages which are the norm in other high tech sectors such

as electronics and telecommunications.

The large sums are partly a factor of the intrinsic difficulties involved in drug discovery and also of the complex trials required to determine safety and efficacy.

The disproportionate nature of the resources which the sector as a whole devotes to R&D can be seen in particular in the UK. The drugs sector is not a particularly important industry in terms of Britain's total sales, accounting for less than 2 per cent of gross domestic product. But its research spend of £700m a year accounts for a much higher proportion - 8 per cent - of the country's total R&D expenditure counting both government and industry programmes.

Unlike many other sectors of commerce, the UK drugs business finds virtually all this

research cash itself. However, it can be argued that the existence of a UK drugs price-regulation scheme which operates in favour of locally based suppliers is an incentive to invest in research and underwrites, indirectly at least, some of the sector's R&D spending.

Apart from Britain, the US, Switzerland, West Germany and France all have healthy trade balances in pharmaceuticals.

A look at the structure of the industry reveals a high degree of concentration. Altogether, there are about 10,000 companies involved in pharmaceuticals around the world. Of these, the top 100 account for roughly 80 per cent of total sales, according to a recent report* on the world pharmaceutical sector from World Health Organisation, Drug consumption is similarly concentrated,

CONTENTS	
Purchase and regulation: the State's ubiquitous role	R&D: no guarantees of success
Biotechnology: a basic research tool	2
New products: the next potential money spinners	
Over-the-counter: new companies move in	4
Product liability: dire consequences of defects	
Advertising: direct-to-consumer campaigns stir controversy	5

with the 25 per cent of the world's population living in the developed countries responsible for about three-quarters of total drug purchases.

In terms of overall markets, North America accounts for 30 per cent of all sales, with Western Europe slightly behind at about a quarter. Roughly 15 per cent of the total market is in Japan.

About four-fifths of all drug sales may be categorised as so-called ethical drugs, which are available only on a doctor's prescription, while the rest are sold with relatively few restrictions over the counter in retail outlets.

At the top of the tree in the pharmaceutical world are a group of 10 or so large companies, the marketing and production operations in all the main countries and annual sales in the \$2bn to \$3bn range. These companies are often highly profitable.

This category includes Merck, American Home, Lilly, Abbott and Pfizer of the US, Hoechst and Bayer of West Germany, Britain's Glaxo and Switzerland's Ciba-Geigy and Sandoz.

So far at least, Japan is not a major world player in drugs. Although the country has some big drug companies (the largest of which is Takeda) they operate mainly in Japan, which is the world's second biggest pharmaceutical market after the US.

Slowly, however, the Japanese companies appear to be becoming more internationally-oriented. Often the Japanese industry prefers to license products to non-Japanese companies to sell overseas rather than to market its products itself outside its home territory.

Over the next few years several factors are likely to be of increasing importance in the pharmaceutical industry:

- Drug demand. In the past decade, pharmaceutical industry output has risen at a healthy rate, in many developed nations at about 10 per cent a year. Observers in the business believe this state of affairs should continue for the foreseeable future.
- Unlike many consumer goods, use of drugs is virtually unaffected by recessions. Furthermore, with a more affluent, educated population in many

industrialised countries who are more aware of health matters, general interest in using medications can be expected to continue to rise.

- Demography. Another factor which should help the drugs sector is the changing age profile of the population in many parts of the developed world, with the proportion of old people increasing at an accelerating rate. This cannot but help the healthcare business on the grounds that elderly men and women consume more medicine than young ones - particularly because of age-related diseases like heart disease - which is to the number one killer in many countries.
- New scientific techniques. The use of genetic engineering to come up with new drugs, and other areas of bioscience which give greater understanding of how proteins and other naturally occurring mechanisms are involved in disease processes, may give the healthcare industry powerful tools to help in developing new products. Some of these methods may help researchers to be more selective about finding chemicals which may fight specific ailments, possibly cutting out some time-consuming procedures in current research and reducing costs.
- Biotechnology-linked research methods could make it possible to come up with product breakthroughs to fight conditions like cancer and AIDS.
- Brain research. Another important set of research advances is throwing fresh light on the workings of the brain. That may be important in the development of new medications to help personality and mental disorders, as well as specific conditions like migraine.
- The brain is now recognised as an area of medicine where many problems are difficult to treat with any reliability using existing drugs.
- Government cost cutting. Less helpful than these factors to the healthcare industry is the increased desire by many governments to reduce their pharmaceutical spending. This is already putting pressure on the industry in Japan and West Germany.
- Safety issues. Controversies over drugs like Opren, a Lilly-

Continued on page 5

ONE MARKET IN WHICH GLAXO IS MAKING AN IMPRESSION.



It's sometimes said that British companies fail to take a sufficiently international view of markets.

And that although good at originating ideas, we're slow to develop and exploit them commercially.

As far as the UK's pharmaceutical industry is concerned, the record speaks for itself.

Not only does it enjoy a global reputation for innovation; its products are sold in virtually every country around the world.

Glaxo is at the forefront of this national and international success story.

Our commercial strategy is focused on prescription medicines to treat the world's common illnesses, and on the purposeful expansion of our operations in international markets.

87 per cent of our sales last year were outside the UK and, with exports of

£485 million, Glaxo accounted for about half of the UK's positive balance of trade in pharmaceuticals.

Our research philosophy is no less single-minded.

We remain committed to invest the substantial sums required to discover and develop the new medicines which we expect to form the basis of our success - five, ten, fifteen and more years ahead.

In the meantime, good medicines, successfully marketed, have helped Glaxo rise from fourth to second place in the world ranking of pharmaceutical companies within the last year.

That's encouraging news for our shareholders, our employees and for the millions of people we help to treat.

And it's proof, though we say it ourselves, of what can be achieved by looking and acting beyond the traditional frontiers.

WORLD LEADERS IN PHARMACEUTICALS

Glaxo

Cyanamid re-cycled waste exhaust gases and their annual fuel consumption went down by 72%.

In hard cash, Cyanamids' saving was around £80,000 a year.

Impressive isn't it?

Cyanamid themselves were so impressed they turned their attention to the boiler house.

By improving its fuel efficiency, bills went down by another £50,000.

But they didn't stop there.

In a third energy efficiency programme they installed a combined heat and power plant.

That will save an estimated £500,000.

Don't think Cyanamid are the only ones that make savings.

Reckitt & Colman, on a 35 acre site in Hull, installed

an automatic energy management system for all their power, lighting and heating requirements.

The result was an initial drop of £147,000 a year. Since then, they have gone on to make further savings adding up to £770,000 a year.

Smith & Nephew Plastics is another example. At a cost of £11,000 they modified their fan motors which showed a benefit of £12,000 in the first twelve months alone.

Have you read enough to make you contact your Regional Energy Efficiency Officer?

If you can't find them in the phone book, ring Carole Castle on 01-211 5779 for the number.

Energy Efficiency Office

DEPARTMENT OF ENERGY

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PHARMACEUTICALS 5

ADVERTISING

US consumer campaigns stir up controversy

ADVERTISING is a difficult ethical issue for the drugs industry.

The arguments have been stirred up by a debate in the US over a series of campaigns by big drugs companies aimed at selling prescription medications via adverts on TV and in widely circulated newspapers and magazines.

Use of so-called "direct to consumer" advertising breaks new ground in the industry. It introduces questions about the degree to which the drugs business is justified in using marketing techniques employed by many other businesses.

In most developed countries, ethical issues mean that the advertising and promotion activities of drugs companies are controlled by public health agencies. Industry trade bodies - which commonly see it as in their own interests to uphold ethical standards in drugs promotion - may also be involved in setting general guidelines.

In Britain, the amount of money individual drug companies spend on sales promotion is regulated as part of a scheme administered by the Health Department to control pharmaceutical industry profits.

In this way it is hoped to curb "overselling" of drugs which critics claim would otherwise add to the price pharmaceutical companies charge for their products.

On the other hand many outsiders, together with significant sections of the industry

doctors. The efforts of these sales teams are backed up by general marketing campaigns such as invitations to doctors to attend new product launches.

Virtually all direct advertising of products, conventionally, is in specialist medical journals read by few people other than doctors. In countries such as Britain - where there are strict rules over drug advertising laid down by the Department of Health and the Association of the British Pharmaceutical Industry, the business's trade body - a pharmaceutical company is not allowed to advertise its products in ordinary newspapers and magazines.

For both these reasons the ethics of promoting the use of prescription drugs are clearly quite different from, say, persuading people to buy more of a certain variety of cornflakes.

Most people in the health-care field generally assume that only physicians, rather than the consumer himself, has the expertise to make judgments over the choice of medication for a specific condition.

Addressing drug advertisements direct to consumers, according to this argument, is fraught with dangers.

A second school of thought - one that at present at any rate is a minority view in the pharmaceutical industry and among observers of the business - argues that this strict interpretation of the ethics of drug-industry advertising is over-paternalist and does not take into account fully enough the consumer's rights to join in this decision-making process over products that will affect his or her body.

According to this opinion, a certain amount of direct-to-consumer advertising is permissible to raise patients' awareness of medications available.

Recent examples of this approach in the US have involved Glaxo, the UK drug

company, and Smith Kline & French Laboratories of the US. Both have organised TV adverts on the general subject of medicines which treat ulcers; each company makes a big-selling anti-ulcer product, Zantac and Tagamet respectively.

In a similar vein, Wellcome, another UK pharmaceutical company, has advertised about treatments for herpes. Although the advertisements do not mention it, Wellcome is the maker of Zovirax, the only drug available on prescription to treat the disease.

It appears likely that more advertising of this kind will be seen - especially in the US as a result of its less strict guidelines over such adverts. "It is a sign of increased competition between the different companies making drugs," says Mr Steve Buermann, a pharmaceutical industry analyst at Morgan Stanley, a New York bank.

Mr David MacCallum, an analyst at Hambrecht & Quist, another US bank, sees nothing wrong with such advertising which he says "helps to stimulate the awareness of the consumer and recognises patients are becoming more educated over the kind of medicines which they take".

Other observers, however, do not take the same line. Mr Sidney Wolfe, director of Public Citizen, a healthcare consumer group in Washington, says that promotions of this kind may be dangerous, in that they aim to "short-circuit the normal decision-making processes involving the doctor".

He says he is worried by the general trend towards more direct to consumer advertising involving pharmaceuticals.

Discussion about the ethics of particular types of pharmaceutical advertising is likely to reverberate for some time. Watching the debate keenly is the advertising industry, which realises its revenues could be considerably increased if pharmaceutical companies broaden their promotional effort and make direct appeals to consumers to use specific healthcare products a central focus of their campaigns.

Peter Marsh

PRODUCT LIABILITY

Dire effects of defective drugs

THE CASE of the Dalkon Shield has sent shudders down the spines of many top executives in the pharmaceutical industry. It is a story about how one defective product brought a company to virtual bankruptcy and forced it to set about dismembering itself to find ways of finding the cash to compensate victims.

The Dalkon Shield, an intra-uterine contraceptive device, was marketed in the early 1970s by A H Robins, a big US pharmaceutical company. The product was later found to have led to a range of injuries to women and birth defects. As a result of court actions in the US, the company is being forced to find more than \$2bn to compensate an estimated 50,000 people around the world who have suffered serious problems as a result of the shield.

The one way out for the company was to seek protection under the US's bankruptcy laws. As part of this A H Robins is in the process of becoming purchased by American Home Products, another big US drugs concern, whose offer price for the company of some \$3bn includes sufficient cash to pay the compensation.

The acquisition, agreed earlier this year, has still to be formally completed, pending final resolution of details of the legal scheme for handing out money to victims of the A H Robins product.

The legal battles over the

Dalkon Shield - which may lead to some women harmed by the device gaining compensation as high as \$185,000 - has highlighted the risks to drug companies from products which turn out defective. The problems, from the viewpoint of the pharmaceutical industry, are more serious in the US as a result of the legal tradition in that country of awarding high levels of settlement to victims in personal injury cases.

Further controversy about the side effects of some drugs has been stirred in recent years by other cases of medications which have been linked to medical problems in the case of people taking them. Examples of such products have included Opren, an arthritis product sold by Eli Lilly of the US, which is thought to have led to a range of injuries including kidney problems, and Accutane, an acne medication, sold by Hoffmann-La Roche of Switzerland, which has been linked to birth defects in the case of some pregnant women who have used the drug.

The debate about the possible problems caused by drugs has had several consequences, all of which are likely to significantly affect the way drug groups operate over the next decade.

Tougher testing. Pharmaceutical companies have come under pressure to instigate more intensive tests during the development stage of a particular drug to ensure that risks of injury once the product is in widespread use are minimised. Such tests may include new methods to assess the degree to which a chemical can remain in a person's body until long after it has been ingested and finally have a harmful effect many years after the person's treatment has stopped. The stricter trials are likely to increase further drug development costs.

More consumer studies. There is increasing interest in post-marketing surveillance of drugs - computerised surveys of the effects of pharmaceuticals once they are in use by tens of thousands of people

after a company has gained government approval to market the product concerned. Surveillance efforts of this kind, whether conducted by companies themselves or by government agencies, will, it is argued, show up possible defects in drug use as quickly as possible and minimise the chances of large numbers of people suffering ill effects.

Better communications. There is also increased awareness of tightening up communications channels involving healthcare products to ensure that doctors and patients comply as fully as possible with instructions as to the conditions governing consumption of pharmaceuticals which may, so it is often argued, have a big effect in determining whether a patient suffers a problem from a specific product.

Understanding risks. Many people, particularly those outside the drug industry, are understanding better that virtually all drugs carry risks to health as well as likely benefits. Exactly where the trade-off lies is determined not only by the diligence with which drugs companies have undertaken research to minimise ill effects of their products but also, at least to some degree, by a factor which is virtually impossible to calculate - the particular physiology of the person taking the medication.

Peter Marsh

Peculiar stresses

continued from page 1

produced formulation for treating arthritis, and Accutane, an acne drug, made by Hoffmann-La Roche of Switzerland, have to some degree tarnished the industry's image and made many consumers think more carefully about the side-effects of drugs. Both these products have been shown in recent years to be responsible for a significant number of health problems as a result of unpredictable ways in which they have interfered with the body's physiological mechanisms.

Duplication in research. Many in the industry believe that the increasing volumes of cash that companies are spending year by year on R&D may prove a milestone about the sector's neck. According to this argument, many of the companies which are pouring research resources into products aimed at common conditions like arthritis and heart disease will find it difficult to gain a useful return from the

spending. The reason is that so many competing firms are doing similar R&D. One solution could be for more drug companies to share research. Another, less palatable cure could be for some of the companies to go out of business.

Future regulations. For companies operating in the European Community, in particular, this area poses a series of questions that are virtually unmanageable at the moment. As Europe gears up to eliminate trade barriers from 1992, government officials and industry representatives are struggling with the issue of how to bring about a general harmonisation of the widely different government regulations affecting drugs across the Continent.

How this debate works out over the next few years will greatly affect the pharmaceutical industry's future operations. It will have a bearing not just on European com-

Percentage of world drug sales for each major therapeutic class*

Therapeutic class	1975	1980	1983	1984	1985
Cardiovascular	14.0	18.1	16.8	17.3	18.1
Anti-infective	17.6	18.0	17.6	17.6	17.1
Internal medicine	15.9	14.8	14.5	14.5	14.8
Analgesics	15.0	13.5	13.5	13.2	12.9
Respiratory	8.5	7.8	7.1	6.5	7.1
Mental health	8.3	7.7	7.1	7.1	6.9
Nutritional	6.7	7.3	7.7	7.6	7.6
Other	14.0	14.9	15.7	15.8	15.7

*Source: CAPLIN O & GAMBLIA. Pharmaceuticals survey paper, Washington DC, World Bank 1988; SCRI Yearbook 1987.

*Global study of the pharmaceutical industry. Unpublished UNIDO document, EDWG/281A, 1980. This last example shows the limitations of the evaluation of drug consumption in terms of market value. It would be more accurate to evaluate by volume, but no data are available. However, although differences in pricing policy for various therapeutic groups may affect the ranking of therapeutic groups according to market value, sales can still provide useful pointers to trends.

panies, but on many other US and Japanese businesses which derive large pharmaceutical sales from the Continent.

Japanese drive. As a coda to the discussion as to what lies ahead for the world's pharmaceutical industry, many of the big US and European companies are looking nervously over their shoulders at the products

now emerging from Japan. Fuelled by the volume of cash going into basic biology R&D, Japanese companies are now making some potentially extremely useful products.

The World Drug Situation, World Health Organisation, 1211 Geneva 27, Switzerland, SotF 20. Also available through HMSO.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, and others, including their names and brief descriptions.

Table listing unit trusts including Aetna Unit Trust, Aetna Unit Trust, and others, with columns for name, type, and other details.

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CROSSWORD No. 6,780 Set by CINEPHILE. Includes a crossword puzzle grid and a list of clues for across and down words.

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GUIDE TO UNIT TRUST PRICING. Explains the methodology for unit trust pricing, including initial charges, offer prices, and cancellation prices.

Handwritten text at the top center of the page, possibly a date or reference number.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various categories like 'INSURANCES', 'OTHER UK UNIT TRUSTS', and 'Legal & General Unit Trusts'. Each entry includes a name, a brief description, and numerical data.

INSURANCES

Sub-table under 'INSURANCES' listing various insurance-related unit trusts and their details.

OTHER UK UNIT TRUSTS

Sub-table under 'OTHER UK UNIT TRUSTS' listing other types of unit trusts.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Price, Offer, Yield, and various fund details. Includes sections for UK LISTED, OFFSHORE AND OVERSEAS, and MANAGEMENT SERVICES.

OFFSHORE AND OVERSEAS

UK LISTED

MANAGEMENT SERVICES

LOM AUTHORISED

OFFSHORE INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "10/11/88"

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Type, and other details.

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and Americans with columns for Name, Price, and other details.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international investment funds.

Table of Money Market Trust Funds listing various money market investment options.

Table of Money Market Bank Accounts listing various bank account options and interest rates.

UNIT TRUST NOTES: Prices are in pence unless otherwise stated and these are quoted as at 11.00 a.m. on the day of publication.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Poll nerves hit US & Canada

THE US Presidential election dominated sentiment on the foreign exchanges yesterday. As voters decide today who will be the next US President, dealers took a cautious view and failed to follow through with the wave of buying which followed Friday's US employment data.

support from the Bank of Canada and Bank of England after an opinion poll gave the opposition Liberal Party a lead of 12 points over the ruling Conservatives, two weeks before the date of Federal elections. A poll last week showed the Conservative Party 6 points in front of the Liberals.

French franc traded quietly against the D-Mark. The D-Mark closed in Paris at FF3.4117, virtually unchanged from Friday's finish. Sterling was also on the sidelines, but had a generally firm undertone. A move out of the dollar later this week may boost the pound against the dollar, but if this happens it remains to be seen whether sterling will keep pace with the D-Mark and yen.

FINANCIAL FUTURES

Bonds lower in nervous trading

US TREASURY bond and Euro-dollar futures lost ground in life trading yesterday. Stronger than expected US employment data for October released on Friday continued to depress values, while investors saw little incentive to open fresh positions ahead of today's US election.

down from 90-00 on Friday, and slipped to a low of 89-10, before closing at 89-13. Three-month Euro-dollar futures were depressed by a slight rise in cash rates, as the dollar continued to lose ground. December Euro-dollars finished at 91.16 down from 91.20 at the start and 91.24 on Friday.

also carried a slightly weaker tone. Interest rates were a little firmer, while investors continued to digest the prospect of higher inflation well into next year. Although sterling was still firm, sentiment remained clouded, and in relatively low volume, the December long gilt price eased to 96-20 from 96-23 at the start and 96-29 on Friday.

The dollar - which rose sharply on Friday - fell back below DM1.79 and Y125, as traders squared positions ahead of the election. It was stronger than expected employment news has introduced a note of uncertainty, but the market generally expects a weakening of the dollar once a new President is elected.

As it was suggested that neither candidate is likely to come to grips with the twin US deficits on trade and the budget, the dollar is therefore expected to lose ground, but the speed of decline might be greater if Mr Michael Dukakis springs a surprise victory.

On Bank of England figures, the pound index closed unchanged at 76.7. The Canadian dollar changed course, and received

£ IN NEW YORK

Table with columns: Nov 7, Latest, Profit/Close. Rows: 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Nov 7, Previous. Rows: 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with columns: Nov 7, Bank rate, Spot, 3 months, 6 months, 12 months. Rows: Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with columns: Nov 7, L, S. Rows: Argentina, Brazil, Chile, etc.

MONEY MARKETS

UK rates firmer

INTEREST RATES edged slightly firmer in London yesterday, as financial markets adopted a cautious approach ahead of today's US Presidential election. The key three-month interbank rate was quoted at 12 1/4 p.c. from 12 1/2 p.c., while the one year rate moved up to 12 1/2 p.c. from 12 1/4 p.c.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, % change from previous, % change annual average, % change 12 months. Rows: Belgium, France, Germany, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Nov 7, Day's rate, Close, One month, Three months, Six months, One year. Rows: US, Canada, Australia, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Nov 7, Day's rate, Close, One month, Three months, Six months, One year. Rows: UK, France, Germany, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Nov 7, Short term, 7 days notice, One month, Three months, Six months, One year. Rows: Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Nov 7, L, S, OM, Yn, F.F., S.F., H.F., C.S., O.Fr. Rows: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10.

FT LONDON INTERBANK FIXING

Table with columns: 3 months US dollars, 6 months US dollars, bid, offer. Rows: 3 months, 6 months.

MONEY RATES

Table with columns: New York, Treasury Bills, 3 months, 6 months, 12 months, 18 months, 24 months. Rows: 3 months, 6 months, 12 months, etc.

LONDON MONEY RATES

Table with columns: Nov 7, Overnight, 7 days notice, One month, Three months, Six months, One year. Rows: Interbank Offer, Interbank Bid, etc.

LIFFE LONG GILT FUTURES OPENING

Table with columns: Strike, Call-Settlements, Put-Settlements, Dec, Mar, Jun, Sep. Rows: 102, 101, 100, etc.

LIFFE US OPTIONS

Table with columns: Strike, Call-Settlements, Put-Settlements, Dec, Mar, Jun, Sep. Rows: 100, 101, 102, etc.

LIFFE EURO-DOLLAR OPTIONS

Table with columns: Strike, Call-Settlements, Put-Settlements, Dec, Mar, Jun, Sep. Rows: 90, 91, 92, etc.

LIFFE SHORT STERLING

Table with columns: Strike, Call-Settlements, Put-Settlements, Dec, Mar, Jun, Sep. Rows: 100, 101, 102, etc.

LIFFE 90 DAY LIBOR

Table with columns: Strike, Call-Settlements, Put-Settlements, Dec, Mar, Jun, Sep. Rows: 100, 101, 102, etc.

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EUROPEAN OPTIONS EXCHANGE

Large table with columns: Series, Vol, Last, Bid, Ask, etc. Rows: GBLD C, GBLD D, GBLD E, etc.

BASE LENDING RATES

Table with columns: Bank, Rate, City, etc. Rows: ABN Bank, A.S. Bank, etc.

COMPANY NOTICES

Extraordinary Meeting Shareholders in Svenska Cellulosa Aktiebolaget SCA are hereby summoned to an extraordinary meeting to be held in the Main floor of Svenska Handelsbanken, Kongsgårdsgatan 2, Stockholm, Sweden, on Thursday November 24, 1988, at 5 p.m.

WestLB

Fixed Income and Equities Trading - for dealing prices call: Düsseldorf, Westdeutsche Landesbank, Head Office, P.O. Box 1128, 4000 Düsseldorf 1, International Bond Trading and Sales.

VENTURE CAPITAL

The Financial Times proposes to publish this survey on: 30th November 1988. For a full editorial synopsis and advertisement details, please contact: Tim Davis on 01-248 8000 ext 4181

EUROPEAN ECONOMIC COMMUNITY (EEC)

11% ECU Bonds due 1993. Numerical list of the series including the 6,200 bonds drawn by lot and making up the entire ECU 6,200,000 nominal amount to be repaid on December 14, 1988.

GREEN STAR

23 Old Bond Street, London. Tel: 01-491 4475. Holyhead Road, Wednesbury. Tel: 021-556 1471.

Pre-election nerves unsettle equities

The London equity market searched in vain for a prop to offset a general retreat yesterday. With only a handful of exceptions, there was little to prevent a decline that owed much to nervousness over the outcome of today's US Presidential election.

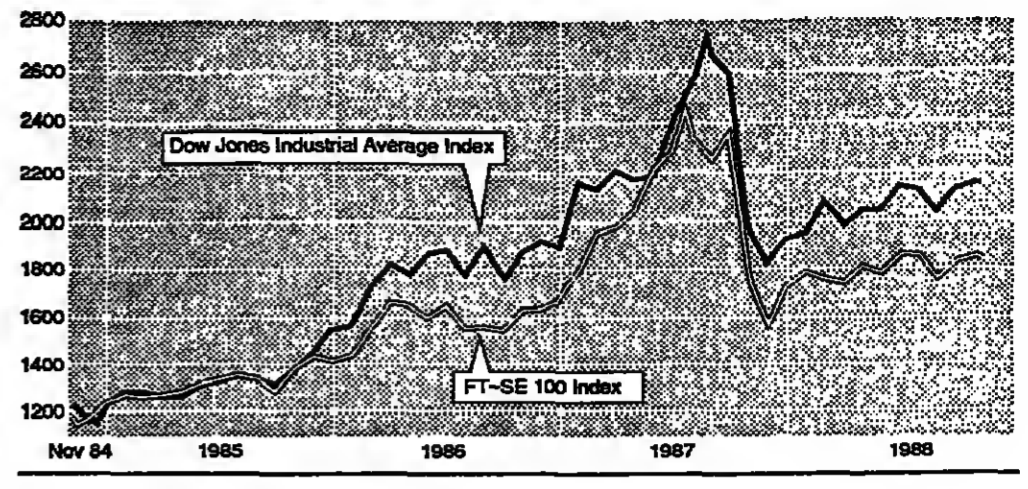
The FT-SE 100-share index ended a thoroughly uninspiring session showing a 14.6 fall to 1819.7, its fourth consecutive fall. At its lowest yesterday the FT-SE was down some 18 points.

Activity, including customer and inter-market maker business in equities, was described by one senior trader as "miserable" and by the end of the

possibility of Dukakis winning" was the comment from one dealer which seemed to reflect general sentiment. Opinion among market commentators as to the likely immediate market response to the US election is that the dollar could well enjoy a bounce if Bush wins the White House.

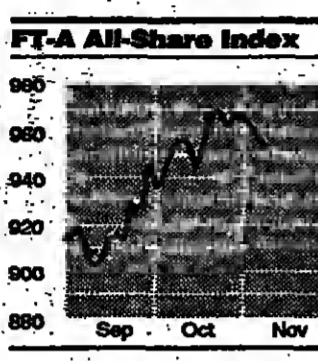
beginning of October. For this reason the post-election sell-off may have been pre-empted. Nomura Research has similar views. Describing predictions that the dollar will fall after the election as "over-worked," Nomura "suspects the dollar could be about to enjoy a temporary bounce before resuming its long-term decline."

How markets moved since last US elections



Lonhro serial continues

The chance of an amicable meeting between the chief executive of Lonhro and the chairman of major shareholder Bond Corporation seems to be fading. Weekend publication of an exchange of letters gave the impression that relations are not as friendly as previously thought and the market yesterday was leaning towards the Australian group launching a contested bid.



in the shares outweighs any downside should a competitor successfully launch a rival bid. Glaxo's Carbovin is thought to be the most likely competitor, but as the Kleinwort analysts point out, "if Retrovir does become the drug of choice, Wellcome shares are cheap."



of a number of important events over the next couple of weeks. Sentiment was given a minor boost by the performance of crude oil prices - Brent oil for December delivery moved back above the \$18 barrel level in the wake of the forthcoming round of OPEC meetings which will culminate in a Ministerial meeting in Vienna on November 21.

unsettling. Scottish & Newcastle closed unchanged at 40 1/2 as the company posted its defence document against the £1.6bn bid from Elders IXL. Dealers reported small sellers as 875,000 shares were traded.

The stores sector featured interim results from N Brown, the mail order group, which took the market by surprise; "very disappointing," said one dealer. A 3.4 per cent fall in profits, largely caused by loss of sales during the postal strike, combined with an uncertain outlook for the full year to dent the market's confidence and the shares were marked sharply lower to 180p, a fall of 22p.

The recent large buyer began mopping up shares of Boots, thwarting any serious downturn in the price which closed little changed at 22 1/2p. Many other Alpha stocks weakened, however, including Pilkington (22 1/2p) and English China Clays (81 1/2p). Dealings in both Suter, at 24 1/2p, and Thomson T-Line, 7 1/2p, were suspended pending an announcement; none was made yesterday, but the market is convinced agreed merger terms will be disclosed soon.

GIOMO half-year results from GT Management, down 8 at 148p, cast a shadow over the Financial Trust sector. Profits were below the most pessimistic forecasts, but the key figure, that derived from investment gains, was not given in the release. Mr Philip Gibb, sector analyst with CI-Alexander Laing & Cruickshank, believes the group will almost certainly have a better second half.

FINANCIAL TIMES STOCK INDICES table with columns for Nov 7, 4, 3, 2, 1, Ago, High, Low, Since Compilation, and rows for Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.

TRADING VOLUME IN MAJOR STOCKS table with columns for Stock, Volume, Price, Change, and rows for various companies like BHP, Anglo, etc.

Awaiting Wellcome With its full-year figures scheduled for Thursday, Wellcome was never going to be the most active stock in the market; but turnover of 514,000 shares was judged as respectable as the price fell 2 to 452p.

Cable's HK details Cable & Wireless duly announced initial details of the formation of its Hong Kong Telecom subsidiary, but ran in to a battering from dealers who marked the shares down 9 to 388p. Turnover of 1.6m reflected the lack of investor business on a day when most institutions were standing aside, preferring to wait for the results of the US Presidential election.

BP old settled slightly easier at 246p on turnover of 5.6m while the new ended the day a fraction off at 148p with 7.2m shares changing hands. Shell slipped 10 to 966p.

NEI remained in favour, rising 2 1/2 to 123 1/2p amid talk that an announcement from Rolls-Royce may be imminent. Ferranti was a steady market, edging down 1 1/2 to 99p after good weekend press comment.

Westland proved sensitive to a newspaper story of uncertainty over the MOD development contract for the EH101 utility helicopter and lost 6 to 101 1/2p, but Ratcliff's (Great Bridge) benefited from speculation about the Bromsgrove stake and rose 5 more to 158p.

NEW HIGHS AND LOWS FOR 1988 Table listing new highs and lows for various stocks like BHP, Anglo, etc.

Composite insurers were broadly lower in front of the first batch of third quarter figures from the leading companies in the sector, expected tomorrow. They were additionally weakened by fears that the Californian electorate may vote on Tuesday for rate reductions in virtually all lines and not just for automobile insurance.

The brewery sector was also weaker, with the leading companies in the sector, expected tomorrow. They were additionally weakened by fears that the Californian electorate may vote on Tuesday for rate reductions in virtually all lines and not just for automobile insurance.

APPOINTMENTS

JOHN LAING CONSTRUCTION has appointed Mr John Armit as chairman of overseas and management (overseas), and chairman of UK civil engineering. Mr Bryan Gregory has been appointed chairman of building, with responsibility for the 12 regional businesses, and Holloway White Allom. Mr John Allen becomes chairman of management (Europe). He is also chairman of EFL Plant and Access Hire. Mr David Blair has been made chairman of all construction services.

Mr Archibald McIntyre (above) has been appointed managing director and chief executive of the INTERNATIONAL TELECOM GROUP. He was sales director of British Telecom International. The company was formed earlier this year with financial backing from St. Sun Life and Scottish Amicable.

Mr Bob Russell has been appointed regional director of BARCLAYS BANK'S London southern region. Mr Russell, who was branch director at 33 Old Broad Street, succeeds Mr Ken O'Shea who is retiring.

CADBURY SCHWEPPE'S has appointed Dr Adrian Gozzard to succeed Mr Peter Reay as group personal director when Mr Reay retires early in 1989. Dr Gozzard joins the group on January 2. He is corporate director of personal in the Plessey Group.

Lord Douro (above) has been appointed a director and deputy chairman of GUINNESS MAHON HOLDINGS. Mr Grant Adams has resigned as deputy chairman while remaining on the board. The Marquess of Dornley is the eighth Duke of Wellington. He is MEP for Surrey West; chairman, Deltic Securities; deputy chairman, Deltic Panametrics; and a director of Continental & Industrial Trust; Global Asset Management Worldwide Inc.; Sun Life; and Transatlantic Holdings.

Mr Carroll Beeve has been appointed to the new post of deputy managing director of the HUMBERCLYDE FINANCE GROUP. He is succeeded as group finance director by Mr Mike Dix, who was group financial controller.

Mr James Foley and Mr Norman N.W. Dunlop have been elected to the board of FOSTER WHEELER ENERGY. Mr Foley was general manager of the Johannesburg office, and succeeds Mr Ernie D.

Mr Alastair Blair has been appointed a director of CAUSEWAY CORPORATE FINANCE, a subsidiary of Truett, and will now concentrate on the role of director, projects, at TOOTAL GROUP centre. Mr Eric Whitehead succeeds him at Truett. Mr Whitehead was responsible for schoolwear operations.

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Over 45,000 private investors have already discovered how to receive regular, impartial, expert advice on their money. ABSOLUTELY FREE. Includes contact form and details of The International magazine.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and other financial metrics.

BANKS, HP & LEASING

Table listing bank, hardware, and leasing stocks with columns for stock name, price, and other financial metrics.

Hire Purchase, Leasing, etc.

Table listing hire purchase, leasing, and other related stocks with columns for stock name, price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

ELECTRICALS - Contd

Table listing electrical stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks (continued) with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

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ELECTRICALS - Contd

Table listing electrical stocks (continued) with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

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DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks (continued) with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks (miscellaneous) with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks (continued) with columns for stock name, price, and other financial metrics.

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INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks (miscellaneous) (continued) with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks (continued) with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for stock name, price, and other financial metrics.

INDUSTRIALS (Misc.)

Table listing industrial stocks (miscellaneous) with columns for stock name, price, and other financial metrics.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and other financial metrics.

LEISURE

Table listing leisure stocks with columns for stock name, price, and other financial metrics.

Handwritten text at the top center of the page, possibly a signature or initials.

LONDON SHARE SERVICE

LEISURE - Contd

Table of stock prices for Leisure companies, including titles like Leisure, Leisure, Leisure, etc.

PROPERTY - Contd

Table of stock prices for Property companies, including titles like Property, Property, Property, etc.

TEXTILES - Contd

Table of stock prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, and Land companies, including titles like Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas companies, including titles like Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of stock prices for Mines companies, including titles like Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors and Aircraft Trades companies.

Commercial Vehicles

Table of stock prices for Commercial Vehicles companies.

Components

Table of stock prices for Components companies.

Garages and Distributors

Table of stock prices for Garages and Distributors companies.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers and Publishers companies.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, and Advertising companies.

Investment Trusts

Table of stock prices for Investment Trusts companies.

TOBACCO

Table of stock prices for Tobacco companies.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, and Land companies.

Finance, Land, etc

Table of stock prices for Finance, Land, and other companies.

PLANTATIONS

Table of stock prices for Plantations companies.

TEAS

Table of stock prices for Teas companies.

MINES

Table of stock prices for Mines companies.

Central Rand

Table of stock prices for Central Rand companies.

Eastern Rand

Table of stock prices for Eastern Rand companies.

Far West Rand

Table of stock prices for Far West Rand companies.

D.F.S.

Table of stock prices for D.F.S. companies.

Diamond and Platinum

Table of stock prices for Diamond and Platinum companies.

Central African

Table of stock prices for Central African companies.

Finance

Table of stock prices for Finance companies.

SHIPPING

Table of stock prices for Shipping companies.

OIL AND GAS

Table of stock prices for Oil and Gas companies.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather companies.

SOUTH AFRICANS

Table of stock prices for South African companies.

TEXTILES

Table of stock prices for Textiles companies.

PROPERTY

Table of stock prices for Property companies.

THIRD MARKET

Table of stock prices for Third Market companies.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional and Irish Stocks.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options.

Additional notes and information at the bottom right of the page.

COMMODITIES AND AGRICULTURE

Ivory Coast keeps market guessing over cocoa plan

THE IVORY Coast, the world's biggest cocoa producer, is keeping the terminal markets in both London and New York guessing about its next move to boost prices.

By David Blackwell
The Ivory Coast, the world's biggest cocoa producer, is keeping the terminal markets in both London and New York guessing about its next move to boost prices.

into storage in Europe. Storing any Ivory Coast cocoa in the current market situation would make France a lot of enemies, one analyst observed yesterday.

Producer backing for LME zinc contract

By Kenneth Gooding, Mining Correspondent
ZINC PRODUCERS are showing their support for the new London Metal Exchange special high grade (SHG) zinc contract by putting metal into the LME warehouses at a time when their own stocks are very low.

This became clear yesterday when the exchange announced that SHG stocks increased by 5,600 tonnes last week to 8,500 tonnes.

Analysts suggested that this put the LME stocks well on target to reach between 20,000 and 25,000 tonnes by the end of this year, a level which would ensure the new contract had enough liquidity to work properly.

Cominco, the Canadian group, let its price rise to a record \$1,500 a tonne from \$1,425 but, only one or two other companies followed suit.

Hard labour in Soviet agriculture

THE SUGAR beet harvest was in full swing on the massive 800-acre field. The terrain was gently rolling and the quality of the land was obviously excellent, like so much of the Soviet Republic of the Ukraine.

drawn machine which flailed the leaves off the beet six rows at a time and blew them into a trailer running alongside to be used later as cattle fodder.



FARMER'S VIEWPOINT

where they working while others were taking the day off. "Because the weather is good and the job needs doing and perestroika means we will earn more if we produce more than the previous collective farm management," came the reply.

Vakarchuk, a charming man who was head of arable crops on this Kirov collective farm asked, how I harvested sugar beet on my farm in England.

I wished him well but wondered, if he was successful in achieving his ambition, what he would do with all the women who would presumably become redundant.

The food queues continue, therefore, and Soviet consumers are in danger of becoming disillusioned with perestroika. The inadequacy of machines like sugar beet harvesters and the continuing inefficiency of the bureaucracy were cancelling out attempts to restructure the rural economy.

So Mr Gorbachev is going back to first principles. Referring to Stalin's enforced collectivisation of the land between 1929 and 1933 at a recent meeting of farm officials in Moscow he said: "When we separated the people from the land... we turned them from masters into mere hirelings."

Iron ore shipments threatened

By Chris Sherwell in Sydney
A PROTRACTED industrial dispute means BHP, the Australian resources and steel group, will almost certainly be unable to meet its commitments to supply 36m tonnes of iron ore in the current year.

decision is handed down. BHP has contracted to deliver 36m tonnes of ore in the year to next May, some 2m tonnes more than it produced in the previous twelve months.

optimism at Mt Newman, but the company is instead confronted with a production crisis which could hurt it badly and yield an unnecessary advantage to the nearby operations of CRA's Hamersley Iron and North Broken Hill Feko's Robe River group.

It said yesterday that "as a result of the present situation" there would have to be an adjustment to its production target. It added that the problem was being discussed with customers.

The world iron ore market has been expected to be a tight market for some time. Demand for the lump ore which is produced by Mt Newman is stronger than for iron ore fines, particularly because the lump does not need to be sintered and there is a shortage of sintering capacity, particularly in Europe.

Regarding the world market, BHP said yesterday that its current industrial problem, combined with Hamersley's stock rundown and a loss of tonnage because of a Brazilian terminal accident, would together result in a tightening of the overall iron ore supply position.

Zaire and Zambia raise cobalt price

By Nicholas Woodworth in Lusaka

ZAIRE AND Zambia, the two largest producers of cobalt, have agreed to raise their market prices for the metal by 15 per cent from \$7.50 to \$8.60 a pound.

Cotton overproduction poses problem for India

By R.C. Murthy in Bombay

OVERPRODUCTION has reduced the Indian cotton industry's earnings by 50 per cent. The official estimate is for a 1988-89 crop of 10.8m bales of 170 kg each - surpassing the 1985-86 record of 10.7 m. bales - but traders and growers are forecasting production at more than 11.5m bales.

prices boosted the acreage under cotton by nearly 15 per cent from 6.5m hectares last year and good monsoon rains throughout the country ensured big crops in eight out of the ten 10 cotton-growing regions. Subsequent fears that late September floods in North India would damage crops proved unfounded and hot weather in October in fact proved beneficial for harvesting the early crop.

The immediate objective of the Government is to prevent a crash in prices and a plan is being drawn up for price stabilisation. The Reserve Bank of India, the country's central bank, is to relax the criteria for commercial bank lending.

against cotton. The Government is also reconsidering the introduction of forward trading. Exports of short and long-staple cotton this year are certain but the timing and quantity will be decided after the Government, growers and users decide on the size of the exportable surplus.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL prices came under pressure from belated profit-taking by merchants and steel-plant liquidation after stocks in LME warehouses rose by 336 tonnes - more than had been expected. However, total holdings remain low at 1,758 tonnes after falling the previous week to the lowest level since August 1982. Cash metal fell by \$1,000 to close at \$11,450 a tonne, leaving the premium over three-month metal at \$850 a tonne compared with Friday's \$1,350.

Table with columns for COCOA (tonnes), LONDON METAL EXCHANGE (various metals), and SOYABEAN MEAL (various grades).

US MARKETS

IN THE METALS, gold, silver and platinum markets had quiet sessions as many traders await the upcoming elections, reports Drexel Burnham Lambert. Prices closed slightly higher as a weaker dollar added some strength to the metals.

New York

GOLD 100 buy oz: \$379.00
SILVER 5,000 buy oz: \$27.00
COPPER 25,000 buy: \$2.00

Chicago

SOYABEAN 5,000 bu min cent/60b bushel
WHEAT 5,000 bu min cent/60b bushel
LIVE CATTLE 40,000 lbs cont/bu

SPICE MARKETS

PEPPER (per ton FOB)
CARDAMOM (per ton FOB)
VANILLA (per ton FOB)

GRAIN MARKETS

WHEAT (English)
BARLEY (English)
RYE (English)

SPICE MARKETS

Table listing prices for various spices like Pepper, Cardamom, and Vanilla.

GRAIN MARKETS

Table listing prices for various grains like Wheat, Barley, and Rye.

TEA

There were 20,024 packages on offer at this week's auction, including 1,000 offshore, reports the Tea Auction Association.

THE BUSINESS SECTION

Section appears every Tuesday + Saturday. For further details please contact James Pascal on 248-8000 Ext 3524.

POTATOES

Table listing prices for various potato varieties.

FRUIT

Table listing prices for various fruits like Apples, Pears, and Oranges.

VEGETABLES

Table listing prices for various vegetables like Onions, Potatoes, and Cabbages.

INDEXES

Table listing various financial and commodity indices.

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WORLD STOCK MARKETS

FRANCE (continued)

Table of stock market data for France, including indices like CAC 40 and various sector indices.

GERMANY (continued)

Table of stock market data for Germany, including indices like DAX and various sector indices.

ITALY (continued)

Table of stock market data for Italy, including indices like FTSE MIB and various sector indices.

NETHERLANDS

Table of stock market data for the Netherlands, including indices like AEX and various sector indices.

SWITZERLAND

Table of stock market data for Switzerland, including indices like SMI and various sector indices.

SPAIN

Table of stock market data for Spain, including indices like IBEX 35 and various sector indices.

FINLAND

Table of stock market data for Finland, including indices like HEI and various sector indices.

FRANCE

Table of stock market data for France, including indices like CAC 40 and various sector indices.

JAPAN

Table of stock market data for Japan, including indices like Nikkei 225 and various sector indices.

AUSTRALIA (continued)

Table of stock market data for Australia, including indices like ASX 200 and various sector indices.

HONG KONG

Table of stock market data for Hong Kong, including indices like Hang Seng and various sector indices.

INDONESIA

Table of stock market data for Indonesia, including indices like IHSG and various sector indices.

NETHERLANDS

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CANADA

Table of stock market data for Canada, including indices like S&P/TSX and various sector indices.

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Table of stock market data for Toronto, including indices like S&P/TSX and various sector indices.

INDICES

NEW YORK DOW JONES

Table of Dow Jones index data for New York, showing values for various sectors and the overall index.

STANDARD AND POOR'S

Table of Standard and Poor's index data for New York, showing values for various sectors and the overall index.

NEW YORK ACTIVITY

Table of trading activity for New York, including volume and price changes for various stocks.

CANADA

Table of stock market data for Canada, including indices like S&P/TSX and various sector indices.

NEW YORK STOCKS

Table of stock market data for New York, including indices like S&P 500 and various sector indices.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, listing stock names and their price movements.

TRAVELLING ON BUSINESS?

Advertisement for a travel agency, mentioning services for business travelers and listing various hotels.

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Small text at the bottom of the page, possibly a footer or additional advertisement.

3pm prices November 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like '12 Month High', 'Low', 'Stock', 'Div.', 'Yield', 'Close', 'Change', 'Open', 'Prev. Close'.

Marlboro 20 CLASS A CIGARETTES advertisement with logo and brand name.

Continued on Page 51

NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 3pm prices November 7

Main table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes a sub-section for 'AMEX COMPOSITE PRICES' at the bottom left.

Main table of Over-the-Counter prices with columns for stock symbols, prices, and changes. Includes a sub-section for 'AMEX COMPOSITE PRICES' at the bottom left.

Notes regarding stock prices, including information on dividends, splits, and data sources.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks and their market data.

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Advertisement for Frankfurt (069) 7598-101, featuring a logo and text about business services.

Advertisement for 'Traveling by air on business' with a logo and text about flight services.

Advertisement for 'FINANCIAL TIMES' with a logo and text about the publication.

AMERICA

Pre-election jitters keep Dow and bonds subdued

Wall Street

JITTERS before today's presidential elections and residual concern about the apparent evidence of continuing economic strength in last Friday's unemployment figures combined to push equities lower on Wall Street yesterday...

loans, and longer-run concern about the budget deficit. The bond market took a serious knock on Friday when the employment figures turned out much stronger than expected...

Canada

THE publication of an opinion poll giving the opposition Liberals a 13-point lead before the November 21 election sent Canadian equities markets plunging in morning trading yesterday...

EUROPE

Investors stick to sidelines before poll news

THE wait for today's US presidential election took its toll as expected - on European markets, most of which had a quiet day in low volumes...

increase in turnover for the first six months of the year. PARIS was constrained by pre-election lethargy and closed lower in reduced volumes...

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ASIA PACIFIC

Emperor's deteriorating health hits Nikkei

FURTHER revelations in an ongoing share sale scandal and weekend reports that the ailing Emperor of Japan had taken a turn for the worse, triggered a bout of selling that sent share prices tumbling on significantly lower volume yesterday...

just after the company went public. The Emperor, who has been seriously ill for over six weeks now, was reported to be in worse condition...

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New indices offer South Africa-free investment

Alison Maitland on a novel option for the international equity investor

Global equity investors who are anxious to avoid companies directly connected with South Africa will be served by a novel set of market indices to be launched at the start of next year...

SOUTH AFRICA-FREE IMPACT ON FT-A INDEX

Table with 4 columns: Country, % excluded by no. of stocks, % excluded by mkt cap, Weight in SA Free World

authorities pension funds in the UK - which has large investments in South Africa - have policies restricting links with the republic, according to the Pension and Investment Resource Centre in London...

SOUTH AFRICA

GOLD shares closed mixed to lower as the bullion price held steady at around \$420 an ounce. Vaal Reefs eased £2 to £283 and Southval fell 25 cents to R110.69...

FT-ACTUARIES WORLD INDICES

Large table with columns for National and Regional Markets, Friday November 4 1988, Thursday November 3 1988, and Dollar Index. Includes sub-sections for Europe, Pacific Basin, North America, and Japan.

MILlicom advertisement featuring a cartoon illustration of a Native American man and a woman, with text: 'It's what you've been waiting for... Keeping ahead in mobile communications matters. Imagine if you had to start a fire in the car park every time you wanted to hold an important business discussion.'

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987.